

FERRANDINO AND SON DEVELOPMENT GROUP, LLC
71 CAROLYN BOULEVARD
FARMINGDALE, NEW YORK 11735

November 15, 2024

Mr. Frederick Braun, Chairman and
Members of the Brookhaven Industrial Development Agency
1 Independence Hill
Farmingville, NY, 11738

Re: Ferrandino and Son Development Group, LLC (“FSDG”)
Brookhaven Town IDA Application

Dear Mr. Chairman and Members of the Brookhaven Town Industrial Development Agency:

I am writing this letter to support FSDG’s prior request for a 20-year Payment in Lieu of Taxes (PILOT) for our proposed multi-family development project located at 214 West Main Street in Patchogue. As has been communicated to the IDA previously, a 20-year PILOT is being requested by us to ensure the financial viability of the project. Additionally, a 20-year PILOT aligns with the findings of the Grow America Feasibility Study, dated October 2, 2024, which has been provided to you and details the structure of the PILOT that we have requested of you.

In consultation with our outside legal counsel, we have thoroughly reviewed the Town of Brookhaven IDA’s Uniform Tax Exemption Policy (UTEP); it is clear that our proposed development project well exceeds all of the stated requirements to qualify for a modified PILOT program. Our project effectively addresses all seven key requirements outlined in the Brookhaven Town UTEP, demonstrating the project’s significant positive impact on the community and alignment with the Brookhaven Town IDA’s goals.

As you are aware, Grow America is a respected third-party national not-for-profit economic development organization, with whom we engaged, at the request of the Brookhaven Town IDA to prepare a comprehensive feasibility report as the basis of the Brookhaven Town IDA Benefits Application. Grow America’s analysis determined that a 20-year PILOT, inclusive of three (3) years for construction and seventeen (17) years for the proposed tax benefit will help establish the project’s financial viability.

The Grow America report goes on to state that the projected "as-complete" tax burden is substantial, with figures anticipated to be approximately \$9,464.00 per unit in the stabilized year, which is one of the main reasons for our requested assistance from the IDA.

Grow America's recommended PILOT structure encompasses a complete 100% abatement during the first three (3) construction years and ensuing Operating Years 1-10, followed by a gradual reduction of 12.5% annually during Operating Years 11 through 17. Their phased approach is justified by the high development and extraordinary costs associated with the project, along with the significant community and civic improvements being provided to the on-site residents.

Lastly, the Grow America report goes on to state that the financial projections for the project indicate that returns from the project are marginal, with a stabilized Yield to Cost (YTC) of 5.0% and a pre-tax Internal Rate of Return (IRR) forecasted at 5%. In Year 3, the development achieves a debt coverage ratio (DCR) of just 1.07, which falls short of standard lender requirements that typically demand a DCR of at least 1.20.

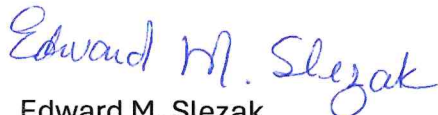
Given the current economic climate, coupled with extraordinarily high development and operating costs, and the projected high taxes on the property would unduly burden the project absent a 20-year Brookhaven Town PILOT program. Accordingly, such financial challenges would likely hinder our ability to attract the necessary funding to proceed with the project.

In summary, it is strongly urged and requested that the Brookhaven Industrial Development Agency consider and approve a 20-year PILOT program as proposed, following the schedule set forth by the Grow America Feasibility Study. We all firmly believe this project will enhance the community's growth, prosperity and Patchogue Village downtown area's stated goals of continued revitalization.

Thank you for your attention in this matter. We look forward to your positive response and are available to provide any additional information and documentation if needed and are always available to discuss this project further, if requested.

Sincerely,

Ferrandino and Son Development Group LLC



Edward M. Slezak
Chief Legal Officer



#1

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PERSPECTIVE RENDERING #1

CHANGE OF ZONE APPLICATION

214 WEST MAIN STREET

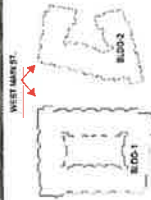
PATCHOGUE, SUFFOLK COUNTY, NY

OCT 16, 2023
 RCD 001A

A-00



KEY PLAN





#2

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PERSPECTIVE RENDERING #2

CHANGE OF ZONE APPLICATION

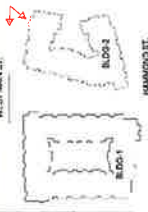
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214 WEST MAIN STREET

PATCHOGUE, SUFFOLK COUNTY, NY

OCT 16, 2023
 KDD 001A

A-01



KEY PLAN



#3

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PERSPECTIVE RENDERING #3

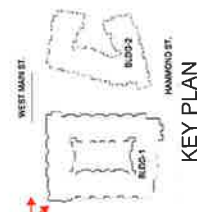
CHANGE OF ZONE APPLICATION

EXHIBIT 1: CHANGE OF ZONE APPLICATION FOR 214 WEST MAIN STREET, PATCHOGUE, NY. THE PROJECT WILL BE DEVELOPED AS A MIXED-USE BUILDING WITH GROUND FLOOR COMMERCIAL SPACE AND RESIDENTIAL SPACE ABOVE. THE PROJECT WILL BE DEVELOPED AS A MIXED-USE BUILDING WITH GROUND FLOOR COMMERCIAL SPACE AND RESIDENTIAL SPACE ABOVE.



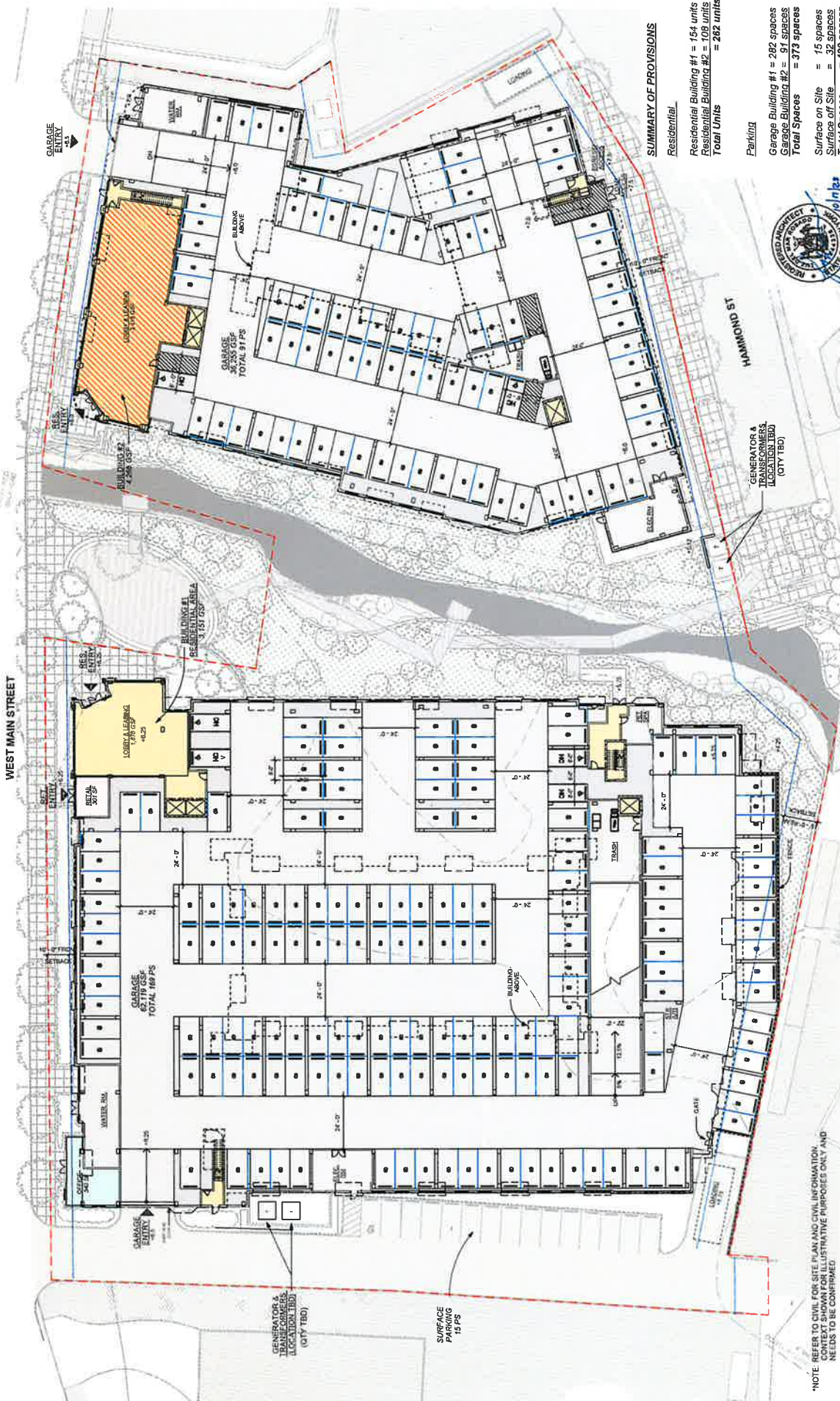
214 WEST MAIN STREET
 PATCHOGUE, SUFFOLK COUNTY, NY

OCT 16, 2023
 RD 0214



KEY PLAN

A-02



WEST MAIN STREET

HAMMOND ST

SUMMARY OF PROVISIONS

Residential
 Residential Building #1 = 154 units
 Residential Building #2 = 108 units
Total Units = 262 units

Parking
 Garage Building #1 = 282 spaces
 Garage Building #2 = 91 spaces
Total Spaces = 373 spaces
 Surface on Site = 15 spaces
 Surface off Site = 32 spaces
Total Spaces = 420 spaces



A-03

OCT 16, 2023
 A03001A

214 WEST MAIN STREET

GARAGE / GROUND FLOOR PLAN (GR/G1)

CHANGE OF ZONE APPLICATION

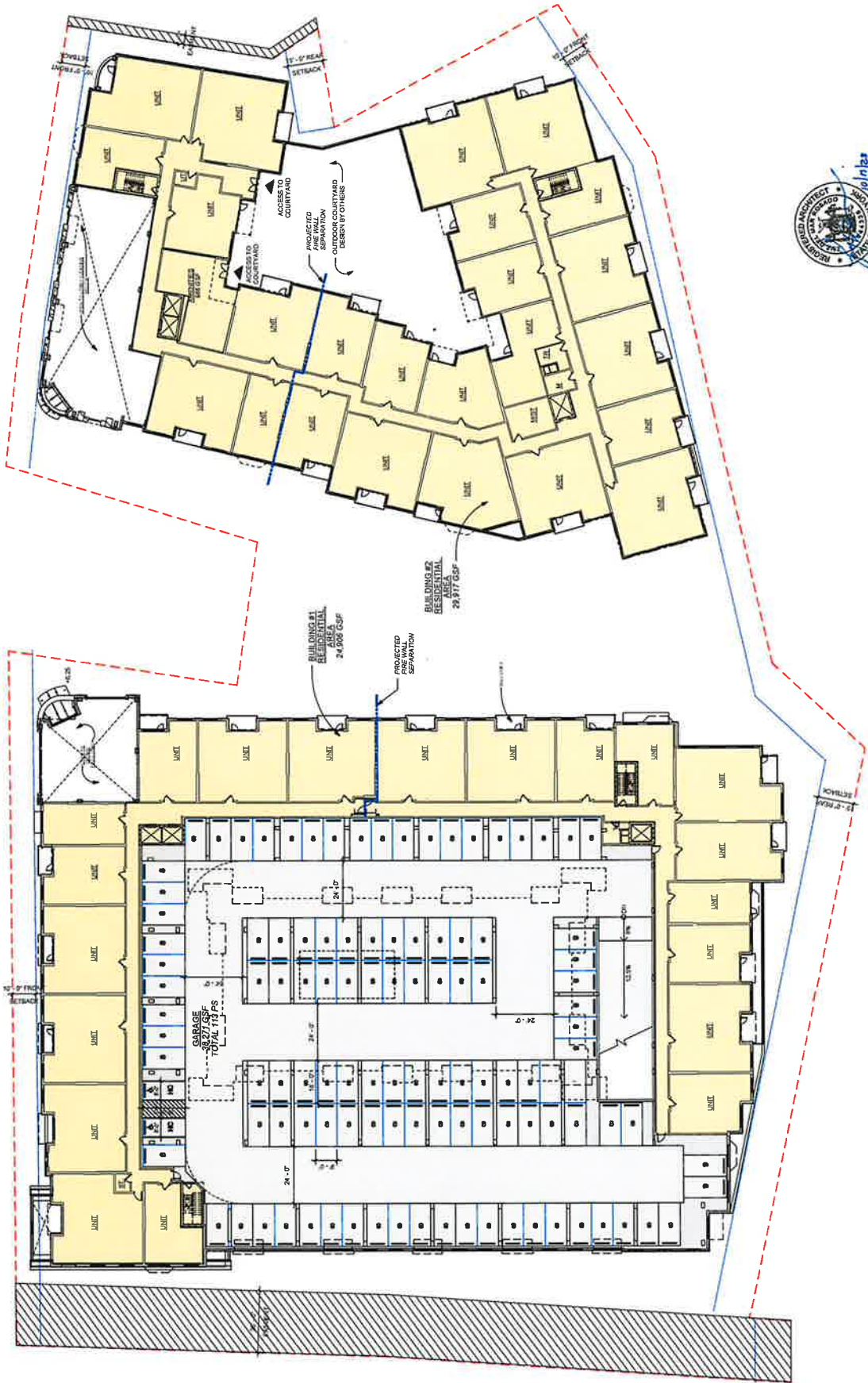
PATCHOGUE, SUFFOLK COUNTY, NV

CHANGE OF ZONE APPLICATION

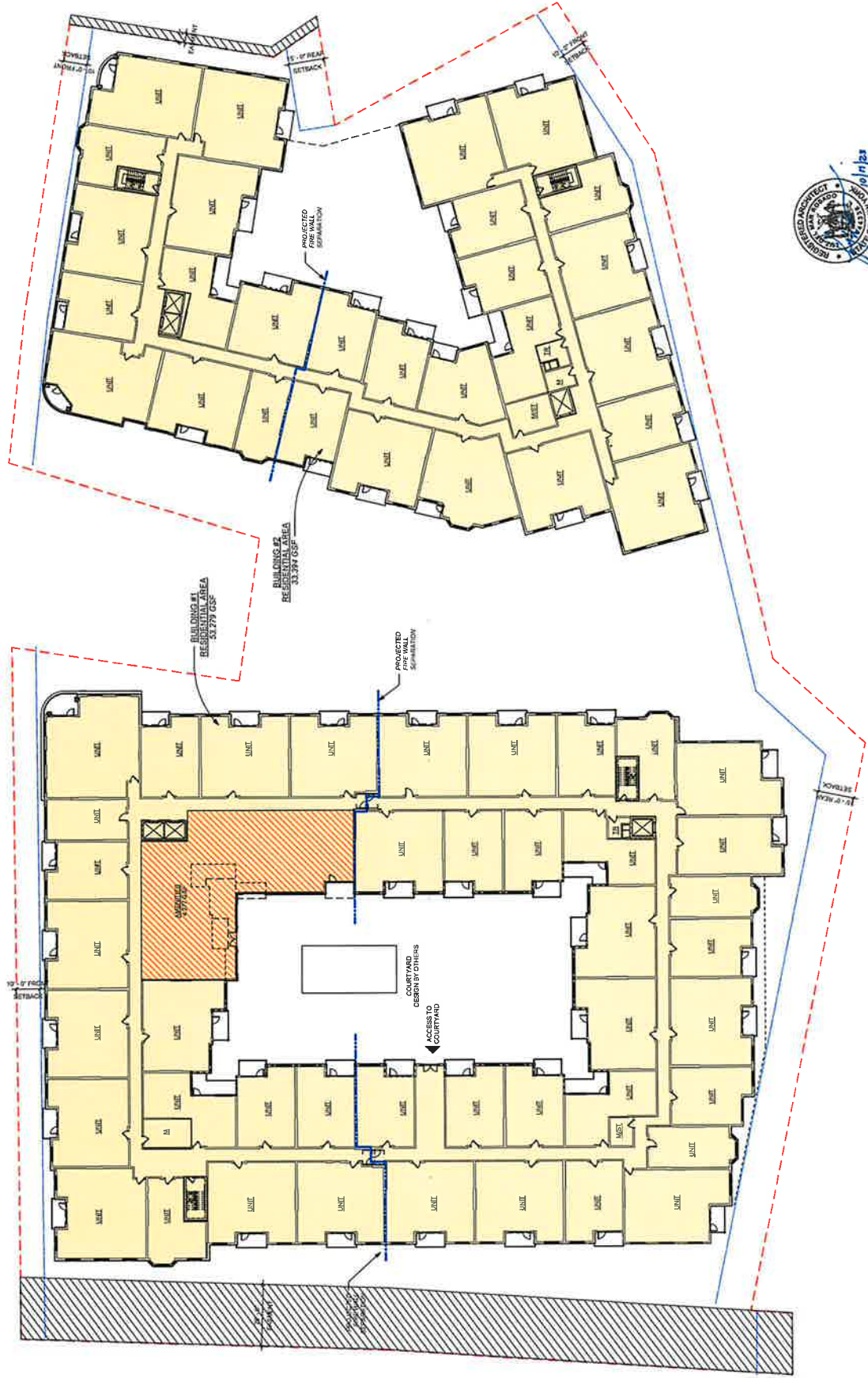
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A-05

CCT 16, 2023
 11:00 AM

SCALE: 1/8" = 1'-0" (AS SHOWN)

214 WEST MAIN STREET

PATCHOGUE, SUFFOLK COUNTY, NY

RESIDENTIAL FLOOR PLAN (R2)

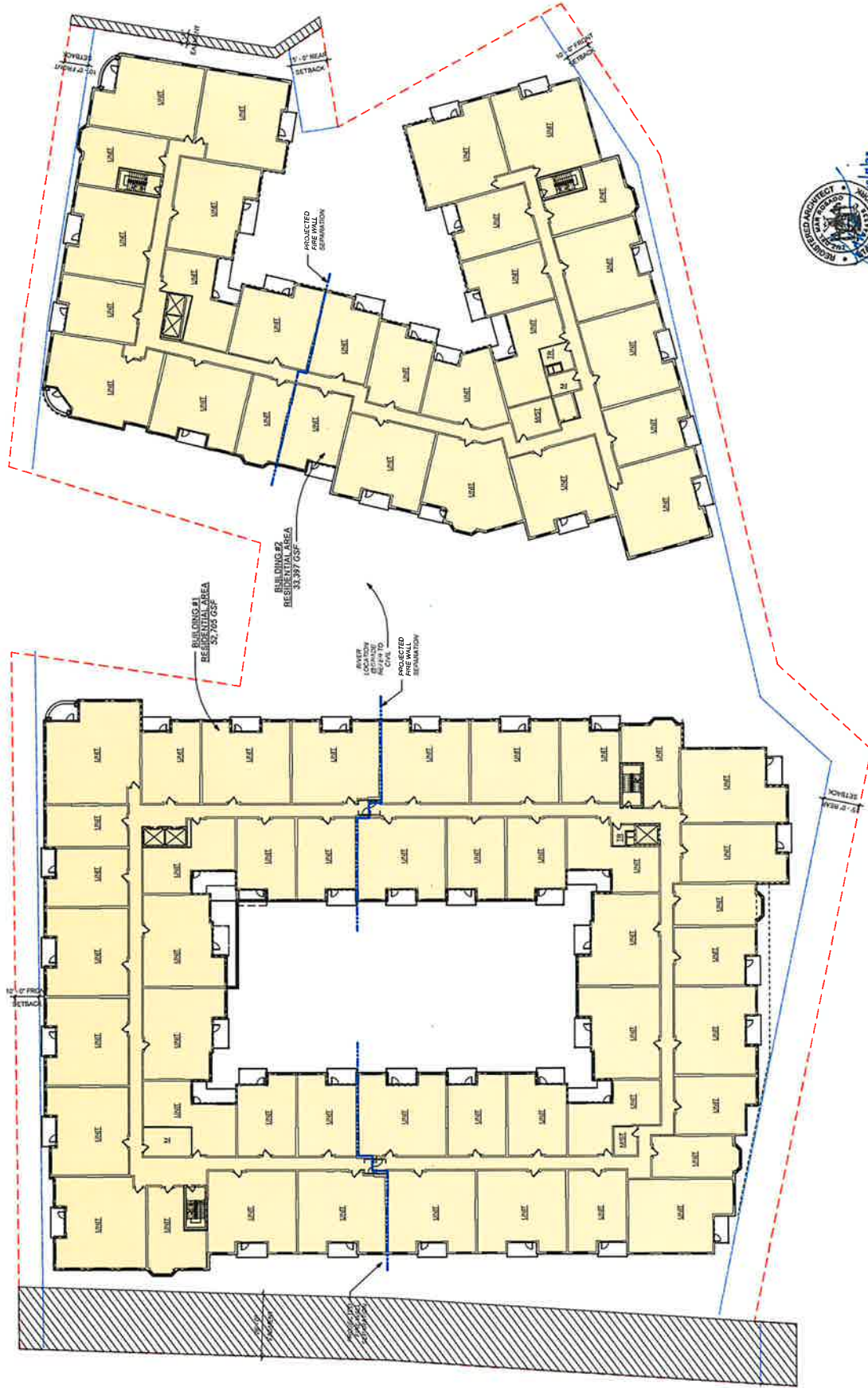
CHANGE OF ZONE APPLICATION

RESIDENTIAL ARCHITECT
 100 WEST MAIN STREET
 PATCHOGUE, NY 11756

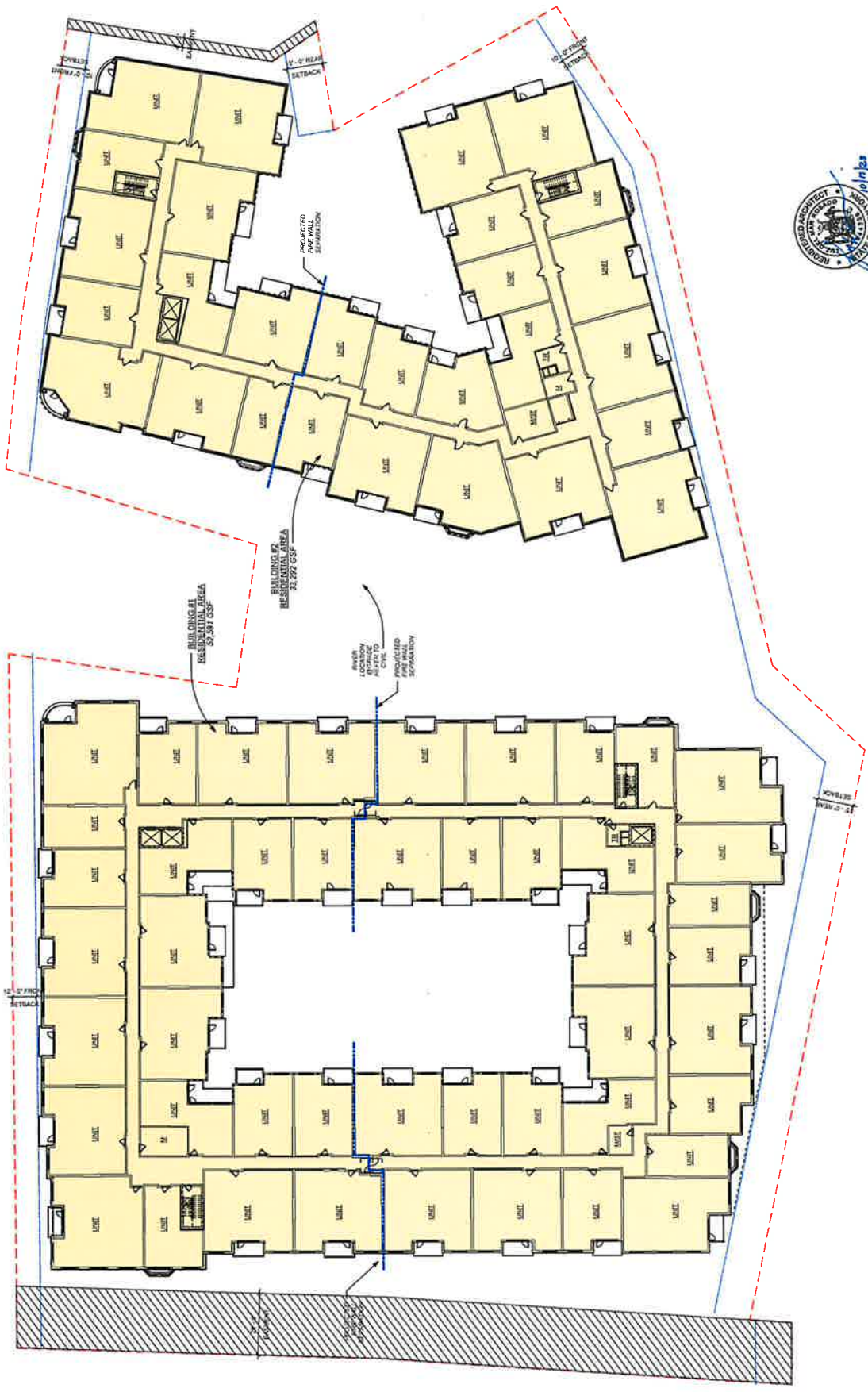
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A-07

OCT 16, 2023
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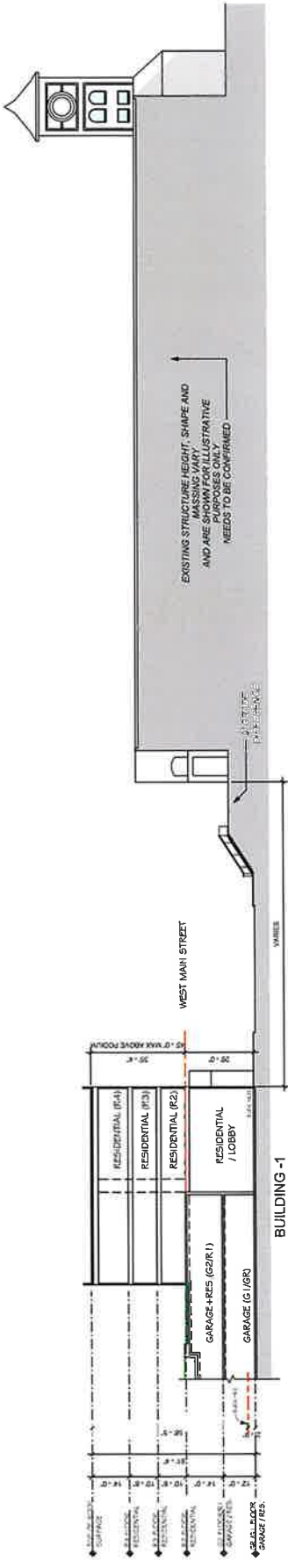
214 WEST MAIN STREET
PATCHOGUE, SUFFOLK COUNTY, NY

RESIDENTIAL FLOOR PLAN (R4)
CHANGE OF ZONE APPLICATION

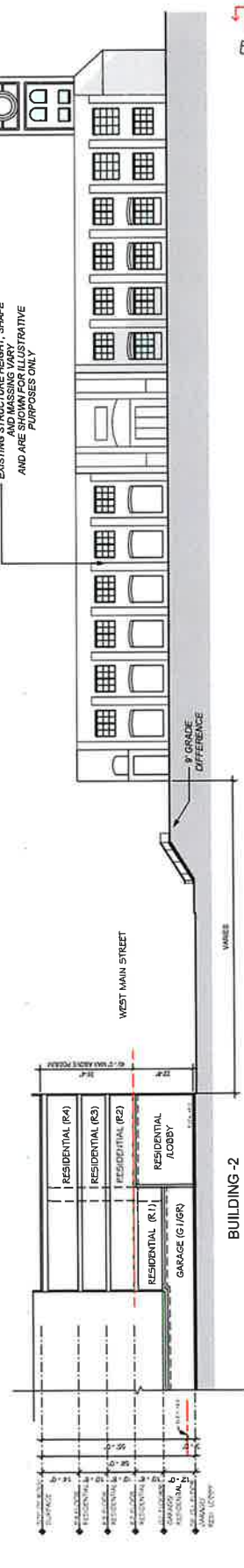
LESSARD ARCHITECTURE, PLLC
1000 COMMONWEALTH BLVD, SUITE 200
ALEXANDRIA, VA 22304
TEL: 703.571.8300
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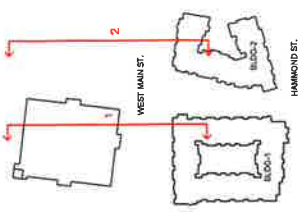
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BUILDING SECTION 1



BUILDING SECTION 2



KEY PLAN



NOTED GRADING AND CONTEXT IS APPROXIMATED AND SHOWN FOR ILLUSTRATIVE PURPOSES ONLY

BUILDING SECTIONS

CHANGE OF ZONE APPLICATION

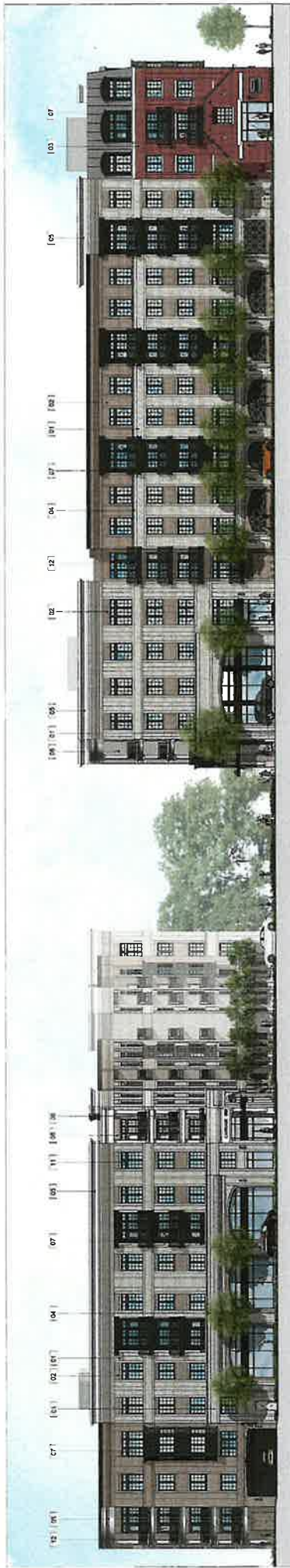
214 WEST MAIN STREET
 PATCHOGUE, SUFFOLK COUNTY, NY

A-08

OCT 19, 2023
 NY0201A



CONSULTANTS: ARCHITECT: LESSARD DESIGN INC. 8621 LESSARD PINE, SEVENTH FLOOR, WENNA, VA 22182. ENGINEER: CIVIL ENGINEERING CONSULTANTS, 1000 W. MAIN ST., PATCHOGUE, NY 11756. LANDSCAPE ARCHITECT: LANDSCAPE ARCHITECTS, 1000 W. MAIN ST., PATCHOGUE, NY 11756. PHOTOGRAPHER: JEFFREY W. HARRIS, 1000 W. MAIN ST., PATCHOGUE, NY 11756. CONTRACTOR: HERRICK CONTRACTORS, 1000 W. MAIN ST., PATCHOGUE, NY 11756.



BUILDING ELEVATION 1



BUILDING ELEVATION 2

MATERIAL LEGEND

- 01 BRICK - BEIGE
- 02 BRICK - LIGHT BROWN
- 03 BRICK - RED
- 04 ARCHITECTURAL STONE - LIGHT BEIGE
- 05 FIBERGLASS REINFORCED PLASTIC TRIM AND ARCHITECTURAL DETAILS - LIGHT BEIGE
- 06 EIFS PANEL - LIGHT BEIGE
- 07 EIFS PANEL - BLACK
- 08 EIFS PANEL - LIGHT BROWN
- 09 STOREFRONT - METAL
- 10 GLASS & METAL CANOPY - BLACK
- 11 VINYL WINDOWS - BLACK
- 12 ALUMINUM PICKET RAILINGS - BLACK



KEY PLAN

14732

A-09

CCT 16, 2023
NO. 0214



214 WEST MAIN STREET

PATCHOGUE, SUFFOLK COUNTY, NY

BUILDING ELEVATIONS

CHANGE OF ZONE APPLICATION

* NOTE: ELEVATIONS MAY VARY AS PROJECT DEVELOPS
 * NOTE: PRODUCTS AND MANUFACTURERS LISTED ARE SUBJECT TO CHANGE
 AND/OR TO BE SUBSTITUTED WITH EQUIVALENT AND COMPATIBLE OPTIONS



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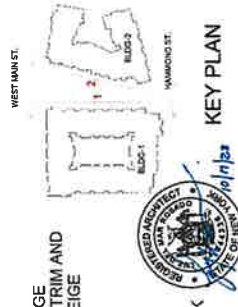
BUILDING ELEVATION 2



BUILDING ELEVATION 1

MATERIAL LEGEND

- 01 BRICK - BEIGE
- 02 BRICK - LIGHT BROWN
- 03 BRICK - RED
- 04 ARCHITECTURAL STONE - LIGHT BEIGE
- 05 FIBERGLASS REINFORCED PLASTIC TRIM AND ARCHITECTURAL DETAILS - LIGHT BEIGE
- 06 EIFS PANEL - LIGHT BEIGE
- 07 EIFS PANEL - BLACK
- 08 EIFS PANEL - LIGHT BROWN
- 09 STOREFRONT - METAL
- 10 GLASS & METAL CANOPY - BLACK
- 11 VINYL WINDOWS - BLACK
- 12 ALUMINUM PICKET RAILINGS - BLACK



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BUILDING ELEVATIONS
 CHANGE OF ZONE APPLICATION

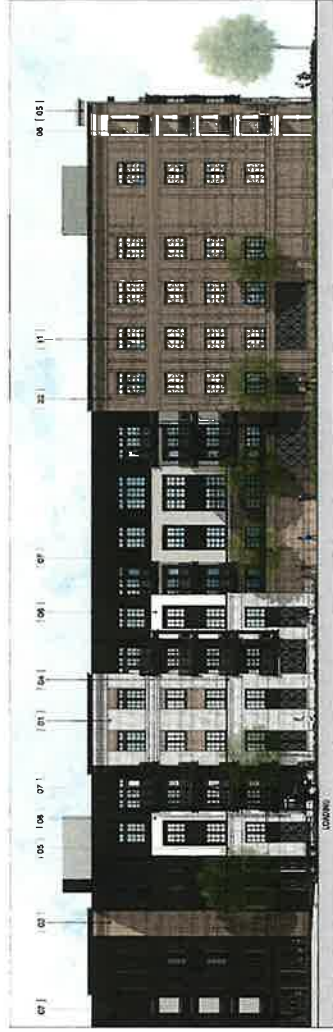
214 WEST MAIN STREET
 PATCHOGUE, SUFFOLK COUNTY, NY

A-10

OCT 16, 2023
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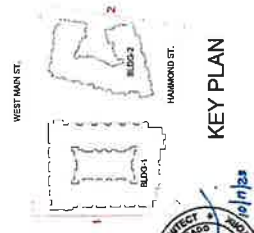
BUILDING ELEVATION 2



BUILDING ELEVATION 1

MATERIAL LEGEND

- 01 BRICK - BEIGE
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- 08 EIFS PANEL - LIGHT BROWN
- 09 STOREFRONT - METAL
- 10 GLASS & METAL CANOPY - BLACK
- 11 VINYL WINDOWS - BLACK
- 12 ALUMINUM PICKET RAILINGS - BLACK



KEY PLAN



DCT 16, 2023
NO.001A

A-11



214 WEST MAIN STREET

PATHOLOGUE, SUFFOLK COUNTY, NY

BUILDING ELEVATION

CHANGE OF ZONE APPLICATION

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EIFS
BEIGE

01



BRICK
LIGHT BROWN

02



BRICK
RED

03



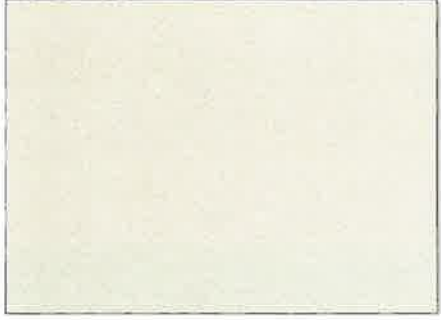
ARCHITECTURAL
STONE
LIGHT BEIGE

04



FIBERGLASS REINFORCED
PLASTIC TRIM &
ARCHITECTURAL DETAILS
LIGHT BEIGE

05



EIFS
LIGHT BEIGE

06



EIFS
BLACK

07



EIFS
LIGHT BROWN

08



STOREFRONT
METAL

09



METAL CANOPY
BLACK

10



VINYL WINDOWS
BLACK

11



ALUMINUM PICKET
RAILING
BLACK

12



A-12

OCT 16, 2023
INDOORA

214 WEST MAIN STREET
PATCHOGUE, SUFFOLK COUNTY, NY

MATERIAL BOARD

CHANGE OF ZONE APPLICATION

CONSTRUCTION DOCUMENTS BY DESIGN ARCHITECTURE, INC. 100 WEST MAIN STREET, SUITE 200, PATCHOGUE, NY 11756. PHONE: 609.426.1234. WWW.DESIGNARCHITECTURE.COM

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#4



#5

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PERSPECTIVE RENDERINGS #4 & #5

CHANGE OF ZONE APPLICATION

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KEY PLAN

OCT 16, 2023
 10:00 AM

214 WEST MAIN STREET

PATCHOGUE, SUFFOLK COUNTY, NY

A-13

**FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
1 Independence Hill, 2nd Floor, Farmingville, New York 11738
631 406-4244**

DATE: 11/06/2023

APPLICATION OF: Ferrandino and Son Development Group LLC, as Contract Vendee
Name of Owner and/or User of Proposed Project

ADDRESS: 71 Carolyn Boulevard
Farmingdale, New York 11735

Type of Application: Tax-Exempt Bond Taxable Bond
 Straight Lease Refunding Bond

Please respond to all items either by filling in blanks, by attachment (by marking space "see attachment number 1", etc.) or by N.A., where not applicable. Application must be filed in two copies. A non-refundable application fee is required at the time of submission of this application to the Agency. The non-refundable application fee is \$3,000 for applications under \$5 million and \$4,000 for applications of \$5 million or more, and should be made payable to the Town of Brookhaven Industrial Development Agency.

Transaction Counsel to the Agency may require a retainer which will be applied to fees incurred and actual out-of-pocket disbursements made during the inducement and negotiation processes and will be reflected on their final statement at closing.

Information provided herein will not be made public by the Agency prior to the passage of an official Inducement Resolution but may be subject to disclosure under the New York State Freedom of Information Law.

Prior to submitting a completed final application, please arrange to meet with the Agency's staff to review your draft application. Incomplete applications will not be considered. The Board reserves the right to require that the applicant pay for the preparation of a Cost Benefit Analysis, and the right to approve the company completing the analysis.

PLEASE NOTE: It is the policy of the Brookhaven IDA to encourage the use of local labor and the payment of the area standard wage during construction on the project.

IDA benefits may not be conferred upon the Company until the Lease and Project Agreement have been executed.

INDEX

PART I	OWNER AND USER DATA
PART II	OPERATION AT CURRENT LOCATION
PART III	PROJECT DATA
PART IV	PROJECT COSTS AND FINANCING
PART V	PROJECT BENEFITS
PART VI	EMPLOYMENT DATA
PART VII	REPRESENTATIONS, CERTIFICATIONS AND INDEMNIFICATION
PART VIII	SUBMISSION OF MATERIALS
EXHIBIT A	Proposed PILOT Schedule
SCHEDULE A	Agency's Fee Schedule
SCHEDULE B	Construction Wage Policy
SCHEDULE C	Recapture and Termination Policy

Part I: Owner & User Data

1. Owner Data:

A. Owner (Applicant for assistance): Ferrandino and Son Development Group LLC, as Contract Vendee

Address: 71 Carolyn Boulevard
Farmingdale, New York 11735

Federal Employer ID #: [REDACTED] Website: https://ferrandinoandson.com/

NAICS Code: 531390

Owner Officer Certifying Application: Edward M. Slezak

Title of Officer: Senior Vice President

Phone Number: [REDACTED] E-mail: [REDACTED]

B. Business Type:

Sole Proprietorship Partnership Limited Liability Company

Privately Held Public Corporation Listed on _____

State of Incorporation/Formation: New York

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

Real Estate Development and Holding Company

D. Owner Counsel:

Firm Name: VanBrunt, Juzwiak & Russo P.C

Address: 140 N Main Street
Sayville, NY 11782

Individual Attorney: Eric J. Russo

Phone Number: 631-589-5000 E-mail: eric@vbjr.com

E. Principal Stockholders, Members or Partners, if any, of the Owner:

Name	Percent Owned
Peter Ferrandino	100%
_____	_____
_____	_____
_____	_____

F. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, member, officer, director, or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (If yes, please explain)

No

- ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? (If yes, please explain)

No

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

See Exhibit 1(G)

H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

See Exhibit 1(G)

I. List parent corporation, sister corporations and subsidiaries:

None.

J. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town, or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

No.

K. List major bank references of the Owner:

See Exhibit 1(K)

2. User Data

*** (for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user) ***

A. User (together with the Owner, the "Applicant"): Not Applicable

Address: _____

Federal Employer ID #: _____ Website: _____

NAICS Code: _____

User Officer Certifying Application: _____

Title of Officer: _____

Phone Number: _____ E-mail: _____

B. Business Type:

Sole Proprietorship Partnership Privately Held

Public Corporation Listed on _____

State of Incorporation/Formation: _____

C. Nature of Business:

(e.g., "manufacturer of _____ for _____ industry"; "distributor of _____"; or "real estate holding company")

D. Are the User and the Owner Related Entities? Yes No

- i. If yes, the remainder of the questions in this Part I, Section 2 (with the exception of "F" below) need not be answered if answered for the Owner.
- ii. If no, please complete all questions below.

E. User's Counsel:

Firm Name: _____

Address: _____

Individual Attorney: _____

Phone Number: _____

E-mail: _____

F. Principal Stockholders or Partners, if any:

Name	Percent Owned
_____	_____
_____	_____
_____	_____

G. Has the User, or any subsidiary or affiliate of the User, or any stockholder, partner, officer, director, or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? (If yes, please explain)

- ii. been convicted of a felony or criminal offense (other than a motor vehicle violation)? (If yes, please explain)

H. If any of the above persons (see "F", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations.

I. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship:

J. List parent corporation, sister corporations and subsidiaries:

K. Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town, or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full:

L. List major bank references of the User:

Part II – Operation at Current Location

*** (if the Owner and the User are unrelated entities, answer separately for each) ***

1. Current Location Address: 214, 210, 200, 192-198, 188 West Main Street, 25, 21, 14 Hammond, 26 West Ave, Patchogue NY 11772

2. Owned or Leased: Contract Vendee to purchase the above properties

3. Describe your present location (acreage, square footage, number buildings, number of floors, etc.):

4.08 Acres mixed used and industrial lots with six (6) buildings totaling approximately 41,000 square feet, to be demolished.

4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services:

Heavy Industrial, Automotive Mechanic, Auto-body shop service, mixed-use office and a laundromat

5. Are other facilities or related companies of the Applicant located within the State?
Yes No

A. If yes, list the Address: 71 Carolyn Blvd, Farmingdale, NY 11735

6. Will the completion of the project result in the removal of any facility or facilities of the Applicant from one area of the state to another OR in the abandonment of any facility or facilities of the Applicant located within the State? Yes No

A. If no, explain how current facilities will be utilized: The property will become multi-family housing, specifically

rental apartments with amenities for residents, as well as a "Grab and Go" retail food location and some office space.

- B. If yes, please indicate whether the project is reasonably necessary for the Applicant to maintain its competitive position in its industry or remain in the State and explain in full:

7. Has the Applicant actively considered sites in another state? Yes No

A. If yes, please list states considered and explain: Tennessee, among other states, if we are unable

to secure IDA benefits for this location.

8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? Yes No

A. Please explain: _____

We will be unable to proceed with this project in NY from a financial perspective if the IDA benefits are not secured.

9. Number of full-time equivalent employees (FTE's) at current location and average salary (indicate hourly or yearly salary):

Based upon conversations with the Sellers, there are approximately 5 full time employees at current location(s). Seller didn't provided

salaries as businesses will be closed and buildings demolished.

Part III – Project Data

1. Project Type:

A. What type of transaction are you seeking? (Check one)

- Straight Lease Taxable Bonds Tax-Exempt Bonds
- Equipment Lease Only

B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

- Sales Tax Exemption Mortgage Recording Tax Exemption
- PILOT Agreement:

2. Location of project:

A. Street Address: 214, 210, 200, 192-198, 188 West Main Street, 25, 21, 14 Hammond, 26 West Ave, Patchogue NY 11772

B. Tax Map: District 204 Section 9 Block 6 Lot(s) 1,6, 1,9, 3, 4, 5, 13, 14, 16, 24

C. Municipal Jurisdiction:

- i. Town: Brookhaven
- ii. Village: Patchogue
- iii. School District: Patchogue-Medford Union Free School District

D. Acreage: 4.08

3. Project Components (check all appropriate categories):

A. Construction of a new building Yes No
i. Square footage: 320,898

B. Renovations of an existing building Yes No
i. Square footage: 540

C. Demolition of an existing building Yes No
i. Square footage: 41,000

D. Land to be cleared or disturbed Yes No
i. Square footage/acreage: 4.08

E. Construction of addition to an existing building Yes No
i. Square footage of addition: _____
ii. Total square footage upon completion: _____

F. Acquisition of an existing building Yes No
i. Square footage of existing building: 41,000

- G. Installation of machinery and/or equipment Yes No
 - i. List principal items or categories of equipment to be acquired: _____

4. Current Use at Proposed Location:

A. Does the Applicant currently hold fee title to the proposed location?

- i. If no, please list the present owner of the site: * see below

B. Present use of the proposed location: Heavy Industrial, Automotive Mechanic
Auto-body shop service, mixed-use office, laundromat

C. Is the proposed location currently subject to an IDA transaction (whether through this Agency or another?) Yes No

- i. If yes, explain: _____

D. Is there a purchase contract for the site? (If yes, explain): Yes No

All nine parcels are under contract to be purchased contingent upon municipal and IDA approvals

E. Is there an existing or proposed lease for the site? (If yes, explain): Yes No

5. Proposed Use:

A. Describe the specific operations of the Applicant or other users to be conducted at the project site: _____

The site will be redeveloped as two 4-story multifamily buildings with 2 parking garages. In total, the development will provide 262 residential units, with 154 units proposed in the western building and 108 provided in the eastern. Additionally, 301 SF of 'grab and go' retail space will be incorporated into the development along with 540 SF of ancillary office space.

B. Proposed product lines and market demands: _____

Multifamily rental units, with a 20% affordable and workforce component. 10% of the units will be allocated to residents who earn 80% of AMI. The remaining 10% will be for residents who earn 120% AMI.

*Jennair Solutions LLC, 188 West Main LLC, 204 Hamilton LLC, Rossi Capital Ventures LLC, SMA Consulting Group LLC, Tora Enterprises Inc, West Main Development Corp

C. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the project to be leased to each tenant, and the proposed use by each tenant:

Residential units will be leased to tenants with individual leases for each unit.

The 540 SF office space will be leased to the Patchogue Chamber of Commerce at \$1 per annum

The office space, which will be the refurbished Trolley House, will be for the exclusive use of the Chamber of Commerce for general office use.

D. Need/purpose for project (e.g., why is it necessary, effect on Applicant's business):

The project will provide necessary housing supply to Patchogue and the surrounding areas. This development will create 262 units to house the existing workforce of the area, those who wish to downsize their home, employees of the upcoming medical facilities of the area, and anyone else wishing to live within the Village. This project is also located within 1/2 mile from the Patchogue LIRR station.

E. Will any portion of the project be used for the making of retail sales to customers who personally visit the project location? Yes No

i. If yes, what percentage of the project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the project location? 301 SF 'grab and go' retail use, which is 0.01% of the gross building area

F. To what extent will the project utilize resource conservation, energy efficiency, green technologies, and alternative / renewable energy measures?

Installing continuous insulation barrier between parking and residential units and on the exterior wall to control heat loss and gain. Sourcing most building materials from within a 500-mile radius of the site to minimize fuel consumption and fossil fuel fumes. Installing 40 KWD solar array to provide the electric needs for common areas and parking garage. Installing highly reflective white TPO roofing to avoid heat absorption. Blue roof recapturing storm-water to use for irrigation. Clean use upzone from historic dirty environmentally unfriendly use. Our building will host a bike share program as well as an electric club car shuttle which will transport residents to LIRR Patchogue Train Station, Watch Hill Ferry Terminal and Downtown, reducing the overall numbers of cars on the road. Utilizing high efficiency windows to reduce energy usage. Elimination of gas from all residential units and using high efficiency electric VRF units.

6. Project Work:

A. Has construction work on this project begun? If yes, complete the following:

- i. Site Clearance: Yes No % COMPLETE _____
ii. Foundation: Yes No % COMPLETE _____
iii. Footings: Yes No % COMPLETE _____
iv. Steel: Yes No % COMPLETE _____
v. Masonry: Yes No % COMPLETE _____
vi. Other: _____

B. What is the current zoning? D2 Business and E Industrial

C. Will the project meet zoning requirements at the proposed location?

Yes No

D. If a change of zoning is required, please provide the details/status of the change of zone request: The site is currently split zoned, and is located within both the D2 Business and E Industrial districts.

The application for the change of zone will be submitted in November of 2023 requesting that the entire site be rezoned to D2 Business.

E. Have site plans been submitted to the appropriate planning department? Yes No

F. Is a change of use application required? Yes No

7. Project Completion Schedule:

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the project?

i. Acquisition: June 2024

ii. Construction/Renovation/Equipping: June 2024

B. Provide an accurate estimate of the time schedule to complete the project and when the first use of the project is expected to occur: The total construction period is expected to be 36 months separated into two phases. First units being leased February 2026.

Phase 1 (Western building) is expected to be 24 months, Phase 2 (Eastern building) is expected to be 24 months. Phase 2 will commence 12 months after the start of Phase 1.

Part IV – Project Costs and Financing

1. Project Costs:

A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement and/or equipping of the project location:

<u>Description</u>	<u>Amount</u>
Land and/or building acquisition	\$ _____
Building(s) demolition/construction	\$ _____
Building renovation	\$ _____
Site Work	\$ _____
Machinery and Equipment	\$ _____
Legal Fees	\$ _____
Architectural/Engineering Fees	\$ _____
Financial Charges	\$ _____
Other (Specify)	\$ _____
Total	\$ _____

Please provide the percentage of materials and labor that will be sourced locally (Suffolk/Nassau Counties) _____

Please note, IDA fees are based on the total project costs listed above. At the completion of your project, you are required to provide both a certificate of completion along with a cost affidavit certifying the final project costs. The IDA fees may be adjusted as a result of the certified cost affidavit. Money will not be refunded if the final project cost is less than the amount listed above.

2. Method of Financing:

	Amount	Term
A. Tax-exempt bond financing:	\$ _____	_____ years
B. Taxable bond financing:	\$ _____	_____ years
C. Conventional Mortgage:	\$ _____	_____ years
D. SBA (504) or other governmental financing:	\$ _____	_____ years
E. Public Sources (include sum of all State and federal grants and tax credits):	\$ _____	
F. Other loans:	\$ _____	_____ years
G. Owner/User equity contribution:	\$ _____	_____ years
Total Project Costs	\$ _____	

i. What percentage of the project costs will be financed from public sector sources?

3. Project Financing:

A. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? Yes No

i. If yes, provide detail on a separate sheet.

B. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details:

C. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan? Give details:

D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom:

Part V – Project Benefits

1. Mortgage Recording Tax Benefit:

A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

\$ _____

B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and .75%):

\$ _____

2. Sales and Use Tax Benefit:

A. Gross amount of costs for goods and services that are subject to State and local Sales and Use Tax (such amount to benefit from the Agency’s exemption):

\$ _____

B. Estimated State and local Sales and Use Tax exemption (product of 8.625% and figure above):

\$ _____

C. If your project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in “B” above:

i. Owner: \$ _____

ii. User: \$ _____

3. Real Property Tax Benefit:

A. Identify and describe if the project will utilize a real property tax exemption benefit other than the Agency’s PILOT benefit: _____

B. Agency PILOT Benefit:

i. Term of PILOT requested: _____

ii. Upon acceptance of this application, the Agency staff will create a PILOT schedule and attach such information to Exhibit A hereto. Applicant hereby requests such PILOT benefit as described on Exhibit A.

***** This application will not be deemed complete and final until Exhibit A hereto has been completed. *****

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation which would have a material adverse effect on the Applicant's financial condition? (If yes, furnish details on a separate sheet)

Yes No

2. Has the Applicant or any of the management of the Applicant, the anticipated users or any of their affiliates, or any other concern with which such management has been connected, been cited for a violation of federal, state, or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution, or other operating practices? (If yes, furnish details on a separate sheet)

Yes No

3. Is there a likelihood that the Applicant would proceed with this project without the Agency's assistance? (If no, please explain why; if yes, please explain why the Agency should grant the benefits requested)

Yes No

Without receiving the PILOT program's benefits this project is not financially feasible.

4. If the Applicant is unable to obtain financial assistance from the Agency for the project, what would be the impact on the Applicant and on the municipality?

The project will not be developed as outlined in this application and the applicant will seek to relocate project out of state.

The impact on the Patchogue community will be substantial.

Original signature and initials are required. Electronic signatures and initials are not permitted.

5. The Applicant understands and agrees that in accordance with Section 858-b(2) of the General Municipal Law, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the project will be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the project is located (collectively, the "Referral Agencies"). The Applicant also agrees that it will, except as otherwise provided by collective bargaining contracts or agreements to which they are parties, where practicable, first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies.

Initial EW

6. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement in the Project as well as may lead to other possible enforcement actions.

Initial EW

7. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

Initial EW

8. The Applicant represents and warrants that to the Applicant's knowledge neither it nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity with who United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or under any statute, executive order including the September 24, 2001, Executive Order Block Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, or other governmental action and is not and will not assign or otherwise transfer this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

Initial EW

9. The Applicant confirms and hereby acknowledges it has received the Agency's fee schedule attached hereto as Schedule A and agrees to pay such fees, together with any expenses incurred by the Agency, including those of Transaction Counsel, with respect to the Facility. The Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees, and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the project. The IDA fees are based on the total project costs listed in this application. At the completion of the project, you are required to provide both a certificate of completion along with a cost affidavit certifying the final project costs. The IDA fees may be increased as a result of the certified cost affidavit. Monies will not be refunded if the final costs are below the amount listed in the application.

Initial AL

10. The Applicant confirms and hereby acknowledges it has received the Agency's Construction Wage Policy attached hereto as Schedule B and agrees to comply with the same.

Initial AL

11. The Applicant hereby agrees to comply with Section 875 of the General Municipal Law. The Company further agrees that the financial assistance granted to the project by the Agency is subject to recapture pursuant to Section 875 of the Act and the Agency's Recapture and Termination Policy, attached hereto as Schedule C.

Initial AL

12. The Applicant confirms and hereby acknowledges it has received the Agency's PILOT Policy attached hereto as Schedule D and agrees to comply with the same.

Initial AL

13. The Company hereby authorizes the Agency, without further notice or consent, to use the Company's name, logo and photographs related to the Facility in its advertising, marketing, and communications materials. Such materials may include web pages, print ads, direct mail and various types of brochures or marketing sheets, and various media formats other than those listed (including without limitation video or audio presentations through any media form). In these materials, the Agency also has the right to publicize its involvement in the Project.

Initial AL

Part VIII – Submission of Materials


1. Financial statements for the last two fiscal years (unless included in the Applicant's annual report).
2. Applicant's annual reports (or 10-K's if publicly held) for the two most recent fiscal years.
3. Quarterly reports (form 10-Q's) and current reports (form 8-K's) since the most recent annual report, if any.
4. In addition, please attach the financial information described in items A, B, and C of any expected guarantor of the proposed bond issue.
5. Completed Environmental Assessment Form.
6. Most recent quarterly filing of NYS Department of Labor Form 45, as well as the most recent fourth quarter filing. Please remove the employee Social Security numbers and note the full-time equivalency for part-time employees.

(Remainder of Page Intentionally Left Blank)

Part IX – Special Representations

1. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed project. The Applicant hereby indicates its compliance with Section 862(1) by signing the applicable statement below. **(Please sign only one of the following statements a. or b. below).**

a. The completion of the entire project will not result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state.

Representative of the Applicant:  _____

b. The completion of this entire project will result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state because the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

Representative of the Applicant: _____

2. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

Representative of the Applicant:  _____

3. In accordance with Section 862(1) of the New York General Municipal Law the Applicant understands and agrees that projects which result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupant within the State is ineligible for financial assistance from the Agency, unless otherwise approved by the Agency as reasonably necessary to preserve the competitive position of the project in its respective industry or to discourage the project occupant from removing such other plant or facility to a location outside the State.

Representative of the Applicant:  _____

4. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving financial assistance for the proposed project is in substantial compliance with applicable local, state, and federal tax, worker protection and environmental laws, rules, and regulations.

Representative of the Applicant:  _____

Part X – Certification

Edward Slezak (Name of representative of entities submitting application) deposes and says that he or she is the SVP (title) of F&S Development LLC, the entities named in the attached application; that he or she has read the foregoing application and knows the contents thereof; and that the same is true to his or her knowledge.

Deponent further says that s/he is duly authorized to make this certification on behalf of the entities named in the attached Application (the “Applicant”) and to bind the Applicant. The grounds of deponent’s belief relative to all matters in said Application which are not stated upon his/her personal knowledge are investigations which deponent has caused to be made concerning the subject matter this Application, as well as in formation acquired by deponent in the course of his/her duties in connection with said Applicant and from the books and papers of the Applicant.

As representative of the Applicant, deponent acknowledges and agrees that Applicant shall be and is responsible for all costs incurred by the Town of Brookhaven Industrial Development Agency (hereinafter referred to as the “Agency”) in connection with this Application, the attendant negotiations and all matters relating to the provision of financial assistance to which this Application relates, whether or not ever carried to successful conclusion. If, for any reason whatsoever, the Applicant fails to conclude or consummate necessary negotiations or fails to act within a reasonable or specified period of time to take reasonable, proper, or requested action or withdraws, abandons, cancels or neglects the application or if the Applicant is unable to find buyers willing to purchase the total bond issue required, then upon presentation of invoice, Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred with respect to the application, up to that date and time, including fees to bond or transaction counsel for the Agency and fees of general counsel for the Agency. Upon successful conclusion of the transaction contemplated herein, the Applicant shall pay to the Agency an administrative fee set by the Agency in accordance with its fee schedule in effect on the date of the foregoing application, and all other appropriate fees, which amounts are payable at closing.

The Applicant hereby subscribes and affirms under the penalties of perjury that the information provided in this Application is true, accurate and complete to the best of his or her knowledge


Representative of Applicant

Sworn to me before this 6th
Day of November, 2023
Meredith A. LaBarbera
(seal)

Meredith A. LaBarbera
Notary Public, State of New York
No. 01LA6337486
Qualified in Nassau County
Commission Expires February 29, 2024

**** Note: If the entities named in this Application are unrelated and one individual cannot bind both entities, Parts VII, IX and X of this Application must be completed by an individual representative for each entity ****

EXHIBIT A

Proposed PILOT Schedule

Upon acceptance of the Application and completion of the Cost Benefit Analysis, the Agency will attach the proposed PILOT Schedule to this Exhibit.

Town of Brookhaven Industrial Development
Schedule of Fees

Application -	\$3,000 for projects with total costs under \$5 million \$4,000 for projects with total costs \$5 million and over (non-refundable)
Closing/Expansion Sale/Transfer/Increase of Mortgage Amount/ Issuance of Refunding Bonds -	$\frac{3}{4}$ of one percent up to \$25 million total project cost and an additional $\frac{1}{4}$ of one percent on any project costs in excess of \$25 million. Projects will incur a minimum charge of \$10,000 plus all fees incurred by the Agency including, but not limited to publication, legal, and risk monitoring.
Annual Administrative -	\$2,000 administrative fee plus \$500 per unrelated subtenant located in the project facility. This fee is due annually.
Termination –	Between \$1,000 and \$2,500
Refinance (excluding refunding bonds) –	$\frac{1}{4}$ of one percent of mortgage amount or \$5,000, whichever is greater.
Late PILOT Payment –	5% penalty, 1% interest compounded monthly, plus \$1,000 administrative fee.
PILOT extension -	a minimum of \$15,000
Processing Fee -	\$275 per hour with a minimum fee of \$275
Lease of Existing Buildings (partial or complete) -	Fee is based on contractual lease amount.

The Agency reserves the right to adjust these fees.

Updated: November 17, 2020

SCHEDULE B

CONSTRUCTION WAGE POLICY

EFFECTIVE January 1, 2005

The purpose of the Brookhaven IDA is to provide benefits that reduce costs and financial barriers to the creation and to the expansion of business and enhance the number of jobs in the Town.

The Agency has consistently sought to ensure that skilled and fair paying construction jobs be encouraged in projects funded by the issuance of IDA tax exempt bonds in large projects.

The following shall be the policy of the Town of Brookhaven IDA for application for financial assistance in the form of tax-exempt financing for projects with anticipated construction costs in excess of \$5,000,000.00 per site received after January 1, 2005. Non-profit corporations and affordable housing projects are exempt from the construction wage policy.

Any applicant required to adhere to this policy shall agree to:

- (1) Employ 90% of the workers for the project from within Nassau or Suffolk Counties. In the event that this condition cannot be met, the applicant shall submit to the Agency an explanation as to the reasons for its failure to comply and;
- (2) Be governed by the requirements of Section 220d of Article 8 of the Labor Law of the State of New York; and when requested by the Agency, provide to the Agency a plan for an apprenticeship program;

OR

- (3) Provide to the Agency a project labor agreement or alternative proposal to pay fair wages to workers at the construction site.

Furthermore, this policy may be waived, in the sole and final discretion of the Agency, in the event that the applicant demonstrates to the Agency special circumstances or economic hardship to justify a waiver to be in the best interests of the Town of Brookhaven.

Adopted: May 23, 2005

SCHEDULE C

RECAPTURE AND TERMINATION POLICY

EFFECTIVE JUNE 8, 2016

Pursuant to Sections 874(10) and (11) of Title 1 of Article 18-A of the New York State General Municipal Law (the “**Act**”), the Town of Brookhaven Industrial Development Agency (the “**Agency**”) is required to adopt policies (i) for the discontinuance or suspension of any financial assistance provided by the Agency to a project or the modification of any payment in lieu of tax agreement and (ii) for the return of all or part of the financial assistance provided by the Agency to a project. This Recapture and Termination Policy was adopted pursuant to a resolution enacted by the members of the Agency on June 8, 2016.

I. Termination or Suspension of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to terminate or suspend the Financial Assistance (defined below) provided to a project upon the occurrence of an Event of Default, as such term is defined and described in the Lease Agreement entered into by the Agency and a project applicant (the “**Applicant**”) or any other document entered into by such parties in connection with a project (the “**Project Documents**”). Such Events of Default may include, but shall not be limited to, the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Agreements; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The decision of whether to terminate or suspend Financial Assistance and the timing of such termination or suspension of Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and shall be subject to the notice and cure periods provided for in the Project Documents.

For the purposes of this policy, the term “**Financial Assistance**” shall mean all direct monetary benefits, tax exemptions and abatements and other financial assistance, if any, derived solely from the Agency’s participation in the transaction contemplated by the Project Agreements including, but not limited to:

- (i) any exemption from any applicable mortgage recording tax with respect to the Facility on mortgages granted by the Agency on the Facility at the request of the Applicant;

- (ii) sales tax exemption savings realized by or for the benefit of the Applicant, including and savings realized by any agent of the Applicant pursuant to the Project Agreements in connection with the Facility; and
- (iii) real property tax abatements granted under the Project Agreements.

II. Recapture of Financial Assistance

The Agency, in its sole discretion and on a case-by-case basis, may determine (but shall not be required to do so) to recapture all or part of the Financial Assistance provided to a project upon the occurrence of a Recapture Event, as such term is defined and described in the Project Documents. Such Recapture Events may include, but shall not be limited to the following:

- 1) Sale or closure of the Facility (as such term is defined in the Project Documents);
- 2) Failure by the Applicant to pay or cause to be paid amounts specified to be paid pursuant to the Project Documents on the dates specified therein;
- 3) Failure by the Applicant to create and/or maintain the FTEs as provided in the Project Documents;
- 4) A material violation of the terms and conditions of the Project Agreements; and
- 5) A material misrepresentation contained in the application for Financial Assistance, any Project Agreements or any other materials delivered pursuant to the Project Agreements.

The timing of the recapture of the Financial Assistance shall be determined by the Agency, in its sole discretion, on a case-by-case basis, and is subject to the notice and cure periods provided for in the Project Documents. The percentage of such Financial Assistance to be recaptured shall be determined by the provisions of the Project Documents.

All recaptured amounts of Financial Assistance shall be redistributed to the appropriate affected taxing jurisdiction, unless agreed to otherwise by any local taxing jurisdiction.

For the avoidance of doubt, the Agency may determine to terminate, suspend and/or recapture Financial Assistance in its sole discretion. Such actions may be exercised simultaneously or separately and are not mutually exclusive of one another.

III. Modification of Payment In Lieu of Tax Agreement

In the case of any Event of Default or Recapture Event, in lieu of terminating, suspending, or recapturing the Financial Assistance, the Agency may, in its sole discretion, adjust the payments in lieu of taxes due under the Project Agreements, so that the payments in lieu of taxes payable under the Project Agreements are adjusted upward retroactively and/or prospectively for each tax year until such time as the Applicant has complied with the provisions of the Project Agreements. The amount of such adjustments shall be determined by the provisions of the Project Documents.

SCHEDULE D

Agency Payment in Lieu of Taxes (PILOT) Policy

An annual fee of \$2,000 (plus \$500 per subtenant) will be due to the Agency in addition to the PILOT payment to cover ongoing costs incurred by the Agency on behalf of the project.

1. The Town of Brookhaven Industrial Development Agency (IDA) may grant or be utilized to obtain a partial or full real property tax abatement for a determined period. To be eligible for this abatement there would be a requirement of new construction, or renovation, and a transfer of title of the real property to the Town of Brookhaven IDA.
2. The Chief Executive Officer (CEO) or their designee shall consult with the Town Assessor to ascertain the amounts due pursuant to each PILOT Agreement. Thereafter, the PILOT payment for each project shall be billed to the current lessees. The lessees can pay the PILOT payment in full by January 31st of each year, or in two equal payments due January 31st and May 31st of each year of the PILOT Agreement. The CEO or their designee shall send all PILOT invoices to the lessees on a timely basis.
3. The Town of Brookhaven IDA shall establish a separate, interest-bearing bank account for receipt and deposit of all PILOT payments. The CEO or their designee shall be responsible for depositing and maintaining said funds with input from the Chief Financial Officer (CFO).
4. The CEO or their designee shall remit PILOT payments and penalties if any, to the respective taxing authorities in the proportionate amounts due to said authorities. These remittances shall be made within thirty (30) days of receipt of the payments to the Agency.
5. Payments in lieu of taxes which are delinquent under the agreement shall be subject to a late payment penalty of five percent (5%) of the amount due. For each month, or part thereof, that the payment in lieu of taxes is delinquent beyond the first month, interest shall on the total amount due plus a late payment penalty in the amount of one percent (1%) per month until the payment is made.
6. If a PILOT payment is not received by **January 31st** of any year or **May 31st** of the second half of the year the lessee shall be in default pursuant to the PILOT Agreement. The Agency may give the lessee notice of said default. If the payment is not received within thirty (30) days of when due, the CEO shall notify the Board, and thereafter take action as directed by the Board.
7. The CEO shall maintain records of the PILOT accounts at the Agency office.
8. Nothing herein shall be interpreted to require the Agency to collect or disburse PILOT payments for any projects which are not Agency projects.

9. Should the Applicant fail to reach employment levels as outlined in their application to the Agency, the Board reserves the right to reduce or suspend the PILOT Agreement, declare a default under the Lease or the Installment Sale Agreement, and/or convey the title back to the Applicant.
10. This policy has been adopted by the IDA Board upon recommendation of the Governance Committee and may only be amended in the same manner.

Exhibit 1(G) to
FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

Ferrandino and Son Development Group, LLC

Related Entities

Peter Ferrandino, the Sole member and 100% owner of Ferrandino and Son Development Group, LLC also owns the following entities (either directly or through Ferrandino and Son, Inc.):

- | | |
|--|--|
| 1. Ferrandino and Son, Inc. | 100% ownership |
| 2. The Peter Ferrandino Group, Inc. | 100% ownership |
| 3. 901 Jefferson Realty LLC | 100% ownership |
| 4. 904 Jefferson Avenue, LLC | 100% ownership |
| 5. PF Air, LLC | 100% owned by Ferrandino and Son, Inc. |
| 6. PJF Air, LLC | 100% owned by Ferrandino and Son, Inc. |
| 7. 718 Medford, LLC | 100% ownership |
| 8. Giavanna Realty, Inc. | 100% ownership |
| 9. PF Autos, LLC | 100% ownership |
| 10. Nord Development Group, LLC | 100% ownership |
| 11. East Lake Marina Holdings, LLC | 100% ownership |
| 12. 2 nd House Inv. 2021, LLC | 100% ownership |
| 13. Ferrandino and Son Realty, LLC | 100% ownership |
| 14. 11 Roma, LLC | 100% ownership |
| 15. 314 Norris Hall Lane LLC | 100% ownership |
| 16. 205-205 Broadway Amityville LLC | 100% ownership |
| 17. 36 Hampton St, LLC | 100% ownership |

**Exhibit 1(K) to
FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY**

Ferrandino and Son Development Group, LLC

Banking References

Banking references for Ferrandino and Son, Inc. and Peter Ferrandino:

1. PNC Business Credit

Tim Gallagher
Senior Vice President | Relationship Manager
PNC Business Credit
340 Madison Ave. 11th Floor
New York, NY 10173
(p) 212.878.8932 | (c) 516.662.7497
tim.gallagher@pnc.com

2. M&T Bank

Thomas J Crane
Senior Vice President
Commercial Banking
M&T Bank
100 Motor Parkway, 6th Floor
Hauppauge, NY 11788
516-391-7613 office
631-456-3234 Cell
631-501-9856 Fax

Exhibit IV(1) to
FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

Ferrandino and Son Development Group, LLC

Anticipated Other Project Costs

\$15,247,803 in Other costs listed on Pg. 14, is broken down into the following categories:

1. Insurance - \$3,438,500
2. Permits, Inspections, Municipal / Utility fees - \$4,859,841
3. Amenities / FFE - \$1,327,000
4. Marketing & Development Fee - \$5,622,462

**Exhibit IV(2) to
FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY**

Ferrandino and Son Development Group, LLC

Anticipated Equity Structure

It is anticipated that the equity investment into the project will equate to approximately forty percent (40%) of the total cost of the project and the incurring of debt financing will equate to approximately 60% of the overall remaining capitalization of the project cost, with the debt financing having an anticipated term of not less than five (5) years from origination. The specific terms and conditions of the debt and equity financing to be determined.

Once those terms and conditions of the debt and equity financings are finalized, Owner will be in a better position to identify a specific dollar amount for its contribution to the overall project costs.

Exhibit IV(3) to
FORM APPLICATION FOR FINANCIAL ASSISTANCE
TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY

Ferrandino and Son Development Group, LLC

Project Costs Incurred to Date

Description	Cost Incurred to Date
Land Purchase Price	500,000.00
Land Carry Costs	1,109,872.27
Contract Assignment Fee	-
Site Work	-
Scheduling Consultant	-
Architecture - Design	594,000.00
Landscape Architecture	113,661.57
Civil Engineering	201,364.83
Mechanical Engineering	325,393.75
Structural Engineering	264,734.50
Presentation Materials	-
Pool Consultant	39,000.00
Renderings / Presentations	10,544.59
Interior Design	198,709.30
Appraisal	4,250.00
Legal - Land Use / Approvals	313,874.41
Legal - Environmental	25,687.50
Legal - Joint Venture	15,000.00
Project Accounting Fee	-
Analytical Support	12,150.00
Project Accounting Fee	39,887.50
Other Administrative Costs	694.77
ALTA / Boundary Survey	34,270.00
Phase I/II Environmental	85,113.00
Market Studies	18,361.45
Geotechnical Testing	26,136.00
Estimating / PreConstruction	450,500.00
Regulatory Environmental Studies	10,000.00
Plan Check Fees	16,600.00
Building Permits / Fees	165,500.00
Water / Wastewater Fees	990.00
Other Permit / Fees	355,500.00
Low Voltage Consultant	46,000.00
Travel	1,340.97
Meals	2,366.33
County Fees	44,009.99
Digital Marketing	3,056.44
TOTALS	\$ 5,028,569.17

ECONOMIC ANALYSIS

SUBSTANTIATION OF NEED FOR TOWN OF BROOKHAVEN IDA FINANCIAL ASSISTANCE



Rendering of the Proposed Mixed-Use, Mixed-Income, Transit-Oriented Development

PROJECT APPLICANT AND NAME

Ferrandino and Son Development Group LLC
214 West Main Street Project

LOCATION

214, 210, 200, 192-198, 188 West Main Street
14, 21, 25 Hammond Street
26 West Avenue
Patchogue, NY 11772

PROJECT DESCRIPTION

New Construction of a 262-Unit Mixed-Use, Mixed-Income, Transit-Oriented Development

REQUESTED FINANCIAL ASSISTANCE

Payment in Lieu of Taxes (PILOT)
Sales Tax Exemption on Building Materials and Equipment
Mortgage Recording Tax Exemption

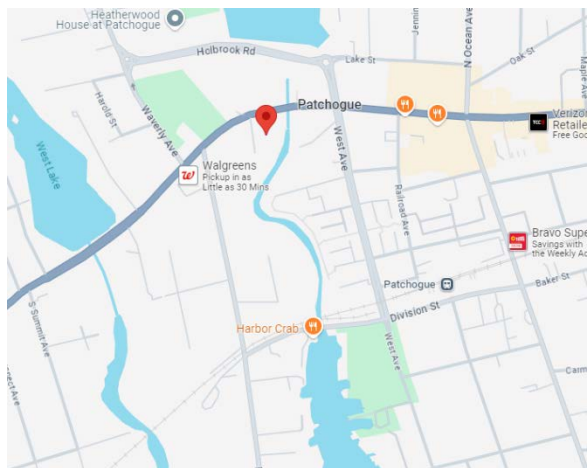
November 15, 2024

I. ASSIGNMENT

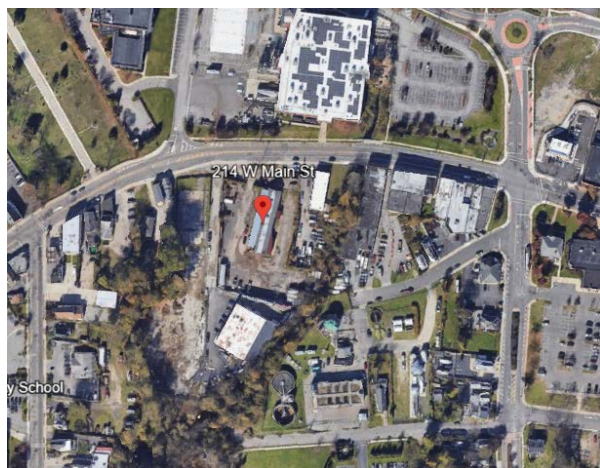
Grow America (formerly National Development Council or NDC) is a national not-for-profit economic development organization that provides development finance advisory services to municipalities and public benefit agencies throughout the country. Grow America is often requested to analyze financial structures of proposed developments and determine the appropriateness of financial assistance or incentives. The Town of Brookhaven IDA (the IDA) requested that Ferrandino and Son Development Group LLC and its counsel arrange for the completion of a feasibility report that demonstrates that the tax assistance package requested of the IDA is necessary for the proposed project to be financially feasible. The purpose of this memo is to describe Grow America’s project understandings and findings related to the mixed-use, mixed-income rental housing development at 214 West Main Street.

II. PROJECT SUMMARY

Ferrandino and Son Development Group LLC (the “Applicant” and/or “Developer”) has applied for financial assistance for a proposed mixed-use, mixed-income, transit-oriented development on West Main Street in the Village of Patchogue, Town of Brookhaven. The application requests a sales tax exemption on building materials and equipment, mortgage recording tax exemption, and property tax abatement in the form of a payment in-lieu of taxes (PILOT). The Applicant is owned 100% by Peter Ferrandino, an accomplished Long Island -based contractor and developer. Mr. Ferrandino is the founder and CEO of numerous entities including Ferrandino and Son Inc. and Nord Development Group. In over 30 years of work, Mr. Ferrandino has led Ferrandino and Son through exponential growth and directed its evolution from a regional organization to a nationally recognized company managing over 80,000 properties across the United States. The project lead is Joseph Rossi of Nord Development Group, a senior real estate executive who has successfully led many highly complex, award-winning, transformative mixed-use and mixed-income developments.



Project Location



Satellite Image of Site

The subject site, totaling 4.08 acres, is strategically located less than a half mile from the Patchogue Long Island Railroad Station, qualifying it as a transit-oriented development (TOD). The subject development site consists of 9 properties that presently contain a steel manufacturing building, an auto repair shop, a laundromat, and a custom iron works manufacturing facility called “The Trolley House.” After acquisition

of the properties, the Developer plans to demolish all buildings except for the Trolley House and redevelop the site by constructing two four-story mixed-use buildings totaling 444,000± gross square feet (GSF). The project will include 262 residential units, 300± SF of “grab and go” retail space, 540± SF of office space, a public riverwalk, two parking garages, and additional outdoor parking.

The residential units will feature a mix of studio, one-bedroom, and two-bedroom apartments of various sizes. Of the total units, 209 will be market-rate, while 26 workforce units will be reserved for individuals earning less than 120% of the area median income (AMI) and 27 affordable units will be designated for individuals earning less than 80% of AMI in accordance with the IDA’s Uniform Tax Exemption Policy (UTEP).

Building 1 will feature 154 residential units, along with the proposed retail and office space. The ground floor will include a central courtyard and a pool, situated above a two-level parking garage with 282 spaces. The office space, housed within the refurbished Trolley House and incorporated into the first floor, will reportedly be leased to the Patchogue Chamber of Commerce for \$1 per year as a community benefit.

Building 2 will include 108 residential units and an outdoor courtyard located on the second floor, above a single-level parking garage with 91 spaces. Additionally, 15 surface parking spaces will be created on the west side of Building 1, along with 32 surface parking spaces on the south side of Hammond Street. Altogether, the development will offer parking for 420 vehicles, with 372 spaces in covered structured garages and 48 spaces at surface level.

In addition to the above, the Developer intends to clean up and restore the Patchogue River to its natural state by removing pollutants, debris, and invasive plant species that currently affect the river. The Developer also plans to redevelop the 7,000 SF (0.16 acre) Suffolk County Parks parcel located at the front of the site along West Main Street. This parcel will be integrated into the project’s riverwalk design, which encompasses approximately 26,000 SF surrounding the river between the two buildings. This area will be landscaped with native plants, enhanced with a six-foot-wide boardwalk extending from West Main to Hammond Street, and will be a community benefit accessible to the public and maintained by the Developer.

The project aims to create a high-quality multi-family residential development to meet the growing housing demand in the Village of Patchogue. This design will attract residents seeking alternatives to single-family homes, offering a broader range of housing options. The project aligns with the established land use and development patterns in Patchogue Village, being situated near other multi-family residential developments. It will revitalize a highly underutilized property at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library.

The project will be constructed in two phases. Phase 1, which involves the construction of the western side of the river, is expected to take twenty-four (24) months to complete. Phase 2, focusing on the construction of the eastern side, will begin twelve (12) months after the start of Phase 1 and is also anticipated to take twenty-four (24) months to finish. Altogether, the project is expected to span three (3) years across both phases.



The Applicant is requesting a 20-year property tax abatement through a PILOT agreement. After reviewing the application, Grow America has determined that a 20-year PILOT, including three years of construction, will help establish the project's financial viability. This is because the estimated "as-complete" taxes are very high, making the project infeasible without the assistance requested of the IDA. The longer and steeper abatement schedule is justified by the significant development costs, extraordinary expenses beyond those typical of standard developments, and the substantial civic improvements the Developer has committed to undertaking on-site. The proposed schedule offers a 100% abatement during the three construction years and Operating Years 1-10, followed by a phased reduction of 12.5% annually from Operating Years 11 through 17. A detailed breakdown of the proposed PILOT schedule can be found in **Appendix I on Page 10** of this report.

III. SOURCES & USES

The proposed sources and uses are summarized below.

SOURCES & USES				
USES OF FUNDS	\$	Per Unit	Per GSF	%
Property Acquisition Cost	\$23,580,000	\$90,000	\$53	13%
Closing and bank fees	\$822,740	\$3,140	\$2	0%
Insurance	\$3,438,500	\$13,124	\$8	2%
Legal fees	\$841,500	\$3,212	\$2	0%
Required interest reserves or escrows	\$6,649,528	\$25,380	\$15	4%
Other (excess parcel tax; transfer tax; RE Tax)	\$549,028	\$2,096	\$1	0%
Total Acquisition & Transaction Costs	\$35,881,296	\$136,952	\$81	20%
<i>Hard Costs</i>				
Building demolition and construction	\$107,743,982	\$411,237	\$243	61%
Site work (paving, etc.)	\$3,462,200	\$13,215	\$8	2%
Infrastructure (sewer, e.g.)	\$500,000	\$1,908	\$1	0%
Misc Hard Costs	\$1,583,402	\$6,044	\$4	1%
Amenities/FF&E	\$1,327,000	\$5,065	\$3	1%
<i>Soft Costs</i>				
Architecture and engineering fees	\$3,752,821	\$14,324	\$8	2%
Marketing & Dev Fee (3%)	\$5,622,462	\$21,460	\$13	3%
Permits, inspections	\$4,859,841	\$18,549	\$11	3%
Other (Financing Fees; Operating Deficit; Contingency)	\$12,816,996	\$48,920	\$29	7%
Total Construction Costs	\$141,668,704	\$540,720	\$319	80%
Total Project Costs	\$177,550,000	\$677,672	\$400	100%
SOURCES OF FUNDS		Construction \$	%	
Private Mortgage	\$103,449,250		58%	
Suffolk County Workforce Fund	\$945,000		1%	
Equity	\$73,155,750		41%	
Total	\$177,550,000		100%	

The development budget is \$177.55 million, equal to \$400 per gross square foot and \$677K per unit, which is exceptionally high. The Applicant attributes these elevated costs to several factors, including high acquisition costs (\$93K per unit) for land assemblage, elevated interest rates that have doubled the capitalized interest carry during construction, and the significant rise in building material and labor costs. These rising costs reflect a nationwide trend driven by supply chain disruptions and labor shortages in recent years. Additionally, the Applicant highlights substantial extraordinary expenses, including \$6.69 million for sewer infrastructure, \$7.01 million for the rehabilitation of the surrounding river area and the construction of a public riverwalk, and \$3.99 million for the relocation and rehabilitation of the historic Trolley House, which is the retail office that will be donated to the Patchogue Village Chamber of Commerce to support local economic development and benefit the community. These costs are outlined in greater detail by the Applicant in **Appendix III on Page 12**.

The Applicant intends to finance the project primarily through a traditional debt and equity split. The equity investment is substantial at \$73 million, representing approximately 41% of the development cost. The Developer has also applied for \$945,000 of Suffolk County Workforce Housing Funds to support the construction of the twenty-seven (27) 80% AMI units that qualify as “workforce housing” units under Suffolk County Workforce Housing program regulations. The units priced at 120% AMI do not qualify.

IV. SUMMARIZED BENEFITS PACKAGE

The Applicant obtained estimated “as complete” tax assessments from the Village of Patchogue’s Assessor’s Office and the Town of Brookhaven’s Assessor’s Office, dated March 14, 2024, and March 18, 2024, respectively. The estimated as complete tax for the proposed development is \$2,430,828 annually, equivalent to over \$9,278 per unit. Grow America used these assessments and resulting taxes in its analysis. The Tax Benefit Summary below includes the PILOT as proposed as part of this analysis, the estimated sales tax exemption on building materials and equipment, and mortgage recording tax exemption.

IDA TAX BENEFITS			
IDA RELATED PROPERTY TAXES		SALES TAX EXEMPTION	
Current Taxes	\$167,137	Construction Hard Cost	\$113,289,584
Starting PILOT	\$167,137	Value of Building Materials*	50% \$56,644,792
Tax Savings Over Term	\$32,612,292	Sales Tax	8.625%
PILOT Payments Over Term	\$12,188,945	Value of Exemption	\$4,885,613
Average PILOT Payments Over Term	\$716,997		
Multiplier Over Current Taxes	4.3	FF&E	\$1,327,000
		Sales Tax	8.625%
		Value of Exemption	\$114,454
		Total Sales Tax Exemption	\$5,000,067
MORTGAGE RECORDING TAX		FINANCIAL ASSISTANCE SUMMARY	
Mortgage	\$103,449,250	Real Estate Tax Savings Over PILOT Term	\$32,612,292
Mortgage Recording Tax	1.05%	Mortgage Recording Tax Savings	\$775,869
Transit District Exclusion	-0.30%	Sales Tax Exemption	\$5,000,067
Mortgage Recording Tax Savings	0.75%	IDA Financial incentive Package	\$38,388,229
Value of Exemption	\$775,869		
		Total Project Cost	\$177,550,000
		Benefits as a % of Total Project Cost	22%



The Developer has submitted a request for a 20-year PILOT for the subject property and provided its own schedule. Grow America has reviewed the development program, as detailed in **Section V**, and concludes that a 20-year PILOT (inclusive of three construction years) is suitable to help meet lender and investor metrics. The proposed schedule offers a 100% abatement during the three construction years and Operating Years 1-10, followed by a phased reduction of 12.5% annually from Operating Years 11 through 17. The PILOT schedule is detailed in **Appendix I on Page 10**.

V. SUMMARY OF GROW AMERICA ANALYSIS

Grow America based its analysis on the revenue, expense, and costs assumptions provided by the Developer in its IDA application. For consistency with other IDA reviews, Grow America created its pro forma with the following assumptions:

- Projecting market rent growth at 3.0% annually.
- Projecting workforce rent growth at 2.5% annually.
- Projecting expense growth at 3.0% annually
- Projecting the terminal value of the project using a 5.50% capitalization (cap) rate

RENT ROLL							
Unit Description	%	Units	Avg NSF	Total NSF	Mo Rent	Rent/SF	Annual Rent
Market							
Studio	15%	39	682	26,598	\$2,773	\$4.07	\$1,297,764
One Bedroom	43%	112	990	110,880	\$3,498	\$3.53	\$4,701,312
Two Bedroom / Two Bathroom	22%	58	1,326	76,908	\$4,167	\$3.14	\$2,900,232
Workforce (120% AMI)							
Studio	2%	5	628	3,140	\$2,298	\$3.66	\$137,880
One Bedroom	5%	14	816	11,424	\$2,903	\$3.56	\$487,704
Two Bedroom / Two Bathroom	3%	7	1,254	8,778	\$3,990	\$3.18	\$335,160
Affordable (80% AMI)							
Studio	2%	5	606	3,030	\$1,956	\$3.23	\$117,360
One Bedroom	6%	15	776	11,640	\$2,210	\$2.85	\$397,800
Two Bedroom / One Bathroom	1%	2	1,036	2,072	\$2,534	\$2.45	\$60,816
Two Bedroom / Two Bathroom	2%	5	1,254	6,270	\$2,585	\$2.06	\$155,100
Super's Unit							
Two Bedroom	0%	0	0	0	\$0		\$0
Total / Average	100%	262	995	260,740	\$3,369	\$3.38	\$10,591,128

INCOME SUMMARY				UNIT BREAKDOWN		
Market Income	\$8,899,308	\$3,548 avg. rent	209 units	Studio	49	19%
Workforce Income (120% AMI)	\$960,744	\$3,079 avg. rent	26 units	One Bedroom	141	54%
Workforce Income (80% AMI)	\$731,076	\$1,965 avg. rent	27 units	Two Bedroom / One Bath	2	1%
Other Income	\$809,140			Two Bedroom / Two Bath	70	27%
Total	\$11,400,268			Total	262	100%



The unit mix and proposed rents are shown on the table on the previous page. The market rate rents range from \$4.07 per square foot for studio units to \$3.14 per square foot for two-bedroom units and are consistent with the market. The affordable and workforce units are priced for households earning less than 80% and 120% AMI. Of note, the 120% AMI studio and one-bedroom units are priced closer to 100% AMI rent limits.

The table below illustrates financial performance with the PILOT in the first stabilized year of operations (Year 3). When full taxes are plugged into the operating pro forma in the stabilized year, projected cash flow is negative. In addition to high development and operating costs, the development would not be financially feasible without the assistance of the IDA as the estimated full taxes are very high at \$9,464 per unit in the stabilized year.

The Developer’s projected operating expenses, exclusive of real estate taxes, are equivalent to approximately \$13,000 per unit. This is high for a development of this nature. The Developer attributes the high costs due to the need to maintain the civic improvements and to the services it plans to provide to the residential tenants.

STABILIZED OPERATING PRO FORMA (YEAR 3)					
		(1) WITHOUT PILOT		(2) WITH 3RD YEAR PILOT	
	262 units	\$	Per Unit	\$	Per Unit
Market Income	209 units	\$10,423,931	\$4,156 per month		
Workforce Income (120% AMI)	26 units	\$1,114,439	\$3,572 per month		
Workforce Income (80% AMI)	27 units	\$848,030	\$2,617 per month		
Other Income		\$949,798			
Gross Income		\$13,336,198			
Residential Vacancy		(\$805,116)	6.50% vacancy		
Effective Gross Income		\$12,531,082		\$12,531,082	
General Expenses		(\$3,009,984)	\$11,488	(\$3,009,984)	\$11,488
Management Fee		(\$344,174)	\$1,314	(\$344,174)	\$1,314
Reserves		(\$75,602)	\$289	(\$75,602)	\$289
RE Taxes/PILOT		(\$2,479,688)	\$9,464	(\$170,496)	\$651
Total Expenses		(\$5,909,448)	\$22,555	(\$3,600,257)	\$13,741
Net Operating Income		\$6,621,635		\$8,930,826	
Debt Service (First Mortgage)		(\$8,128,230)		(\$8,128,230)	
Cash Flow		(\$1,506,596)		\$802,595	
METRICS					Market
Debt Coverage Ratio (DCR)		-0.81		1.10	>1.2
Yield to Cost		3.7%		5.0%	>6.5%
Internal Rate of Return (IRR)		4%		5%	>12%

A 20-year PILOT is suitable to assist meeting lender and investor thresholds. The proposed schedule offers a 100% abatement during the three construction years and Operating Years 1-10, followed by a phased reduction of 12.5% annually from Operating Years 11 through 17. Returns from the project, even with the

proposed PILOT schedule, are quite marginal, with stabilized Yield to Cost (YTC) at 5.0%. Pre-tax Internal Rates of Return (IRR) is projected to be 5%. In Year 3, the development achieves a debt coverage ratio (DCR) of 1.10, meaning there is only a 10% cushion of net operating income over project debt service. This is a very low cushion, as most lenders require at least a 1.20 DCR. Financial challenges lie in high development costs caused by today's economic environment, high operating costs associated with the management of the properties and public spaces maintained by the Developer, and high as-complete taxes between the Town and Village.

Without the proposed financial incentive package and PILOT schedule, the project would not be able to be built, as the Developer will not be able to generate enough financial returns to attract the necessary debt needed to move this project forward. The proposed 20-Year PILOT schedule is considered appropriate to assist the development in becoming more financially feasible.

VI. COST BENEFIT ANALYSIS

The analysis on the following page shows a net positive public value. The public benefit factors the PILOT increment, Town fees, and IDA fees, as well as the values of the fifty-three (53) workforce and affordable housing units, riverwalk improvements, and carriage house relocation and donation. The project benefit factors savings realized from the PILOT, exemption on the mortgage recording tax, and exemption on the sales tax on building materials.

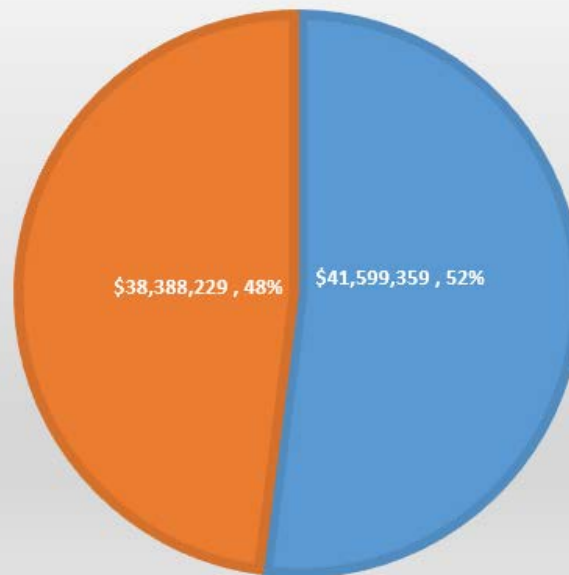
The Developer will realize \$32,612,292 in savings during the 20-year PILOT term, \$5,000,067 in savings through the sales tax exemption, and \$775,869 in savings through the mortgage recording tax exemption. The aggregate PILOT payment is \$12,188,945, an average of \$716,997 annually. The Town will receive approximately \$5,042,995 in reported one-time fees and the IDA will receive approximately \$568,737 in one-time transaction fees. The Developer has itemized the public benefit costs the project will be providing to the community, as outlined on the following page.

Not captured in the graph are the new jobs to be created and intangible benefits of the proposed project. The Applicant expects 310 temporary construction jobs and five (5) full-time equivalent permanent jobs for the development. The project will maximize land use with an improved mixed-income, mixed-use, and transit-oriented community within walking distance of key destinations, such as downtown Patchogue Village's retail shops and restaurants, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library. Additionally, the aggregate disposable income from the residential base of 262 households, estimated at over \$10 million, will further strengthen the retail base in the continuing evolving market in the Village of Patchogue.

PUBLIC AND PROJECT BENEFIT SUMMARY		ESTIMATED VALUE OF AFFORDABLE HOUSING*	
Full IDA Taxes Over PILOT Term	\$12,188,945	Average Market Rate Rents	\$3,548
Estimated Value of Affordable Housing*	\$11,986,813	Average 120% Workforce Rents	\$3,079
Riverwalk Improvements	\$7,011,960	Delta	\$469
Carriage House Relocation	\$3,993,271	# of Units	26
Carriage House Office Donation	\$806,500	Loss of Annual Income	\$146,347
Town Building Fees	\$5,042,995	Cap Rate	5.50%
IDA Fees	\$568,875	Value of 120% AMI Workforce Units	\$2,660,854
Total Public Benefit	\$41,599,359	Average Market Rate Rents	\$3,548
Tax Savings Over Term	\$32,612,292	Average 80% Affordable Rents	\$1,965
Mortgage Recording Tax Exemption	\$775,869	Delta	\$1,583
Sales Tax Exemption	\$5,000,067	# of Units	27
Total Project Benefit	\$38,388,229	Loss of Annual Income	\$512,928
		Cap Rate	5.50%
		Value of 80% AMI Affordable Units	\$9,325,959
Net Public Benefit	\$3,211,130	Total Value of Affordable / Workforce Units	\$11,986,813

PUBLIC BENEFIT VS. PROJECT BENEFIT

■ Total Public Benefit ■ Total Project Benefit





APPENDIX I: PILOT SCHEDULE

PILOT SCHEDULE								
214 W Main Street								
Current Taxes	\$167,137						Starting Abatement	100%
Improvement Taxes	\$2,263,691						Phase in Period	8
"As Improved" (Full) Taxes	\$2,430,828						Phase in %	12.5%
Units	262							
Estimated Taxes/Unit	\$9,278							
Annual Escalator	1.00%							
PILOT Year	Operating Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment Over Base Taxes
1	Construction	\$167,137	N/A	\$167,137	100%	\$0	\$167,137	\$0
2	Construction	\$167,137	N/A	\$167,137	100%	\$0	\$167,137	\$0
3	Construction	\$167,137	N/A	\$167,137	100%	\$0	\$167,137	\$0
4	1	\$167,137	\$2,263,691	\$2,430,828	100%	(\$2,263,691)	\$167,137	\$0
5	2	\$168,808	\$2,286,328	\$2,455,136	100%	(\$2,286,328)	\$168,808	\$0
6	3	\$170,496	\$2,309,191	\$2,479,688	100%	(\$2,309,191)	\$170,496	\$0
7	4	\$172,201	\$2,332,283	\$2,504,485	100%	(\$2,332,283)	\$172,201	\$0
8	5	\$173,923	\$2,355,606	\$2,529,529	100%	(\$2,355,606)	\$173,923	\$0
9	6	\$175,662	\$2,379,162	\$2,554,825	100%	(\$2,379,162)	\$175,662	\$0
10	7	\$177,419	\$2,402,954	\$2,580,373	100%	(\$2,402,954)	\$177,419	\$0
11	8	\$179,193	\$2,426,983	\$2,606,177	100%	(\$2,426,983)	\$179,193	\$0
12	9	\$180,985	\$2,451,253	\$2,632,238	100%	(\$2,451,253)	\$180,985	\$0
13	10	\$182,795	\$2,475,766	\$2,658,561	100%	(\$2,475,766)	\$182,795	\$0
14	11	\$184,623	\$2,500,523	\$2,685,146	87.5%	(\$2,187,958)	\$497,188	\$312,565
15	12	\$186,469	\$2,525,529	\$2,711,998	75.0%	(\$1,894,146)	\$817,851	\$631,382
16	13	\$188,334	\$2,550,784	\$2,739,118	62.5%	(\$1,594,240)	\$1,144,878	\$956,544
17	14	\$190,217	\$2,576,292	\$2,766,509	50.0%	(\$1,288,146)	\$1,478,363	\$1,288,146
18	15	\$192,119	\$2,602,055	\$2,794,174	37.5%	(\$975,770)	\$1,818,404	\$1,626,284
19	16	\$194,041	\$2,628,075	\$2,822,116	25.0%	(\$657,019)	\$2,165,097	\$1,971,056
20	17	\$195,981	\$2,654,356	\$2,850,337	12.5%	(\$331,794)	\$2,518,543	\$2,322,561
Total		\$3,080,406	\$41,720,832	\$44,801,237		(\$32,612,292)	\$12,188,945	\$9,108,539

73% of full taxes
 27% of full taxes
 \$716,997 avg. annually
 \$2,737 per unit annually
 4.3 multiplier

APPENDIX II: Pro Forma

214 W Main Project																			
17-YEAR PRO FORMA (PILOT TERM DURING OPERATING YEARS)																			
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	
Vacancy		6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%	
Revenue																			
Market Income	3.00%	9,825,555	10,120,322	10,423,931	10,736,649	11,058,749	11,390,511	11,732,227	12,084,193	12,446,719	12,820,121	13,204,724	13,600,866	14,008,892	14,429,159	14,862,034	15,307,895	15,767,132	
Workforce Income (120% AMI)	2.50%	1,060,739	1,087,257	1,114,439	1,142,300	1,170,857	1,200,129	1,230,132	1,260,885	1,292,407	1,324,718	1,357,836	1,391,781	1,426,576	1,462,240	1,498,796	1,536,266	1,574,673	
Workforce Income (80% AMI)	2.50%	807,167	827,346	848,030	869,231	890,961	913,235	936,066	959,468	983,455	1,008,041	1,033,242	1,059,073	1,085,550	1,112,689	1,140,506	1,169,018	1,198,244	
Other Income	3.00%	895,276	922,134	949,798	978,292	1,007,641	1,037,870	1,069,006	1,101,077	1,134,109	1,168,132	1,203,176	1,239,271	1,276,450	1,314,743	1,354,185	1,394,811	1,436,655	
Gross Income		12,588,737	12,957,060	13,336,198	13,726,472	14,128,209	14,541,746	14,967,431	15,405,623	15,856,690	16,321,012	16,798,978	17,290,992	17,797,468	18,318,831	18,855,521	19,407,990	19,976,704	
Vacancy		(760,075)	(782,270)	(805,116)	(828,632)	(852,837)	(877,752)	(903,398)	(929,796)	(956,968)	(984,937)	(1,013,727)	(1,043,362)	(1,073,866)	(1,105,266)	(1,137,587)	(1,170,857)	(1,205,103)	
Effective Gross Income		11,828,662	12,174,790	12,531,082	12,897,840	13,275,372	13,663,994	14,064,034	14,475,828	14,899,722	15,336,074	15,785,251	16,247,630	16,723,601	17,213,565	17,717,934	18,237,134	18,771,601	
Operating Expenses																			
General	3.00%	(2,837,199)	(2,922,315)	(3,009,984)	(3,100,284)	(3,193,292)	(3,289,091)	(3,387,764)	(3,489,397)	(3,594,079)	(3,701,901)	(3,812,958)	(3,927,347)	(4,045,167)	(4,166,522)	(4,291,518)	(4,420,264)	(4,552,872)	
Management Fee	3.00%	(324,417)	(334,150)	(344,174)	(354,499)	(365,134)	(376,088)	(387,371)	(398,992)	(410,962)	(423,291)	(435,989)	(449,069)	(462,541)	(476,417)	(490,710)	(505,431)	(520,594)	
Reserves	3.00%	(71,262)	(73,400)	(75,602)	(77,870)	(80,206)	(82,612)	(85,091)	(87,643)	(90,273)	(92,981)	(95,770)	(98,643)	(101,603)	(104,651)	(107,790)	(111,024)	(114,355)	
PILOT		(167,137)	(168,808)	(170,496)	(172,201)	(173,923)	(175,662)	(177,419)	(179,193)	(180,985)	(182,795)	(184,621)	(186,464)	(188,324)	(190,199)	(192,090)	(193,997)	(195,920)	
Total Expenses		(3,400,015)	(3,498,673)	(3,600,257)	(3,704,854)	(3,812,556)	(3,923,454)	(4,037,645)	(4,155,225)	(4,276,298)	(4,400,968)	(4,531,006)	(4,665,911)	(4,810,630)	(4,965,333)	(5,130,222)	(5,305,515)	(5,491,416)	
Net Operating Income		8,428,647	8,676,117	8,930,826	9,192,986	9,462,816	9,740,540	10,026,389	10,320,602	10,623,424	10,935,107	10,943,345	10,954,720	10,969,412	10,987,612	11,009,513	11,035,318	11,065,238	
Debt Service (First Mortgage)		(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	(8,128,230)	
Cash Flow		300,417	547,887	802,595	1,064,756	1,334,585	1,612,309	1,898,159	2,192,372	2,495,194	2,806,876	2,815,114	2,826,489	2,841,182	2,859,381	2,881,282	2,907,088	2,937,007	
Metrics																			
DCR (First Mortgage)		1.04	1.07	1.10	1.13	1.16	1.20	1.23	1.27	1.31	1.35	1.35	1.35	1.35	1.35	1.35	1.36	1.36	
Cash on Cash		0.41%	0.75%	1.10%	1.46%	1.82%	2.20%	2.59%	3.00%	3.41%	3.84%	3.85%	3.86%	3.88%	3.91%	3.94%	3.97%	4.01%	
Yield to Cost		4.75%	4.89%	5.03%	5.18%	5.33%	5.49%	5.65%	5.81%	5.98%	6.16%	6.16%	6.17%	6.18%	6.19%	6.20%	6.22%	6.23%	
Valuation Cap Rate	5.50% cap rate																	201,186,143	
Outstanding Loan Balance																		(69,304,966)	
Net Sale Proceeds																		131,881,177	
Equity																			
Benefit Stream		(73,155,750)	300,417	547,887	802,595	1,064,756	1,334,585	1,612,309	1,898,159	2,192,372	2,495,194	2,806,876	2,815,114	2,826,489	2,841,182	2,859,381	2,881,282	2,907,088	134,818,184
IRR		5%																	

APPENDIX III: Applicant-Submitted Itemized Civic Improvements & Extraordinary Costs
Riverwalk Costs

Construction Bridge	848,000
Erosion Control	177,020
Clearing, Excavation, Backfill, Base Course	1,391,250
Shoring & Dewatering Elevator Pit	275,600
Water, Sewer, Drainage	798,575
Bulkhead New & Repairs	333,900
Retaining Wall	401,635
Steps, Curbs, Sidewalk	456,885
Asphalt	241,600
Decking	1,170,185
Water Feature	79,500
Landscaping & Irrigation	837,810
Total Calculated Cost	7,011,960

Sewer Costs

Abandon / Fill of Existing Sewer	47,560
Trenching Associated w/ existing Sewer	87,799
New Sewer Pipe	1,259,035
Trenching Associated with Installation of Pipe	428,287
OSHA Compliant Shoring for Trench	289,710
Well Points	91,833
Riser Pipe	179,075
Header Pipe	468,350
Demolition existing Sidewalk	97,801
New Sidewalk	385,700
Allowance on Pump Station	500,000
Sewer Odor Mitigation	920,000
Allowance on Soft Cost	230,000
Impact Fee	1,369,500
Application & Inspection Fee	1,300
Floor Area	130,148
LF of Sewer Pipe Installed	475
Permanent Sewer Design	205,000
Total Calculated Cost	6,691,573

Carriage House Relocation Costs

Site Logistics	35,100
General Requirements	295,300
Existing Conditions	918,300
Excavations & Foundations	901,500
Masonry	24,500
Brick	308,800
Structural Steel	37,800
Carpentry, Drywall & Insulation	63,600
Architectural Woodwork	7,500
Roofing	172,800
Doors & Hardware	1,600
Storefronts	84,000
Windows	29,800
Ceramic/ Stone	3,000
Flooring	4,400
Painting	9,600
Specialties	1,200
Kitchen Cabinets & Vanities	2,500
Plumbing	15,000
Plumbing Fixtures	900
HVAC	61,600
Electric	67,200
Light Fixtures	1,400
Construction Contingency	152,370
General Conditions	454,983
Insurance	146,190
Overhead	76,019
Fee	116,309
Total Calculated Cost	3,993,271

Carriage House Office Donation

Turn Key Buildout for Tenant	27,000
Common Area Maintenance - 20 Year Term	54,000
Rent Valuation - 20 Year Term	725,500
Total Calculated Cost	806,500

Municipal Permits & Fees

Building Permit	1,836,000
Building Permit Renewal Fee	918,000
Commercial Fire Alarm	357
Building & Housing Fee	40,086
Sewer Fees	172,954
Water and Sewer	1,603,440
Certificate of Occupancy	408
Fire Alarm Application Fee	714
3rd Party Special Inspector	255,000
Plan Review Fee	10,200
Pool fee	357
Village Board of Trustees (Change of Zone)	1,020
Village Planning Board (Site Plan)	612
Village Planning Board ZBA - Variance Relief	510
Village Sewer District (Map & Plan Study)	15,300
Suffolk Planning Commission	204
Suffolk Water Authority Tap Fees	66,300
SCDH Wastewater Mgmt Application	5,610
SCDH Board of Review	255
PSEG	102,000
ARB for Design	255
Plan Review Fee	1,020
demo permit	7,140
Sidewalk encumbrance	4,080
Generator	510
Natural Gas	357
Gas fireplaces	306
Total Calculated Fees	5,042,995



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PREPARED FOR:

Town of Brookhaven Industrial Development Agency
One Independence Hill
Farmingville, NY 11738

Reasonableness Assessment for Financial Assistance Scenario Comparison

FERRANDINO AND SON DEVELOPMENT GROUP, LLC

FEBRUARY 2025

PREPARED BY:



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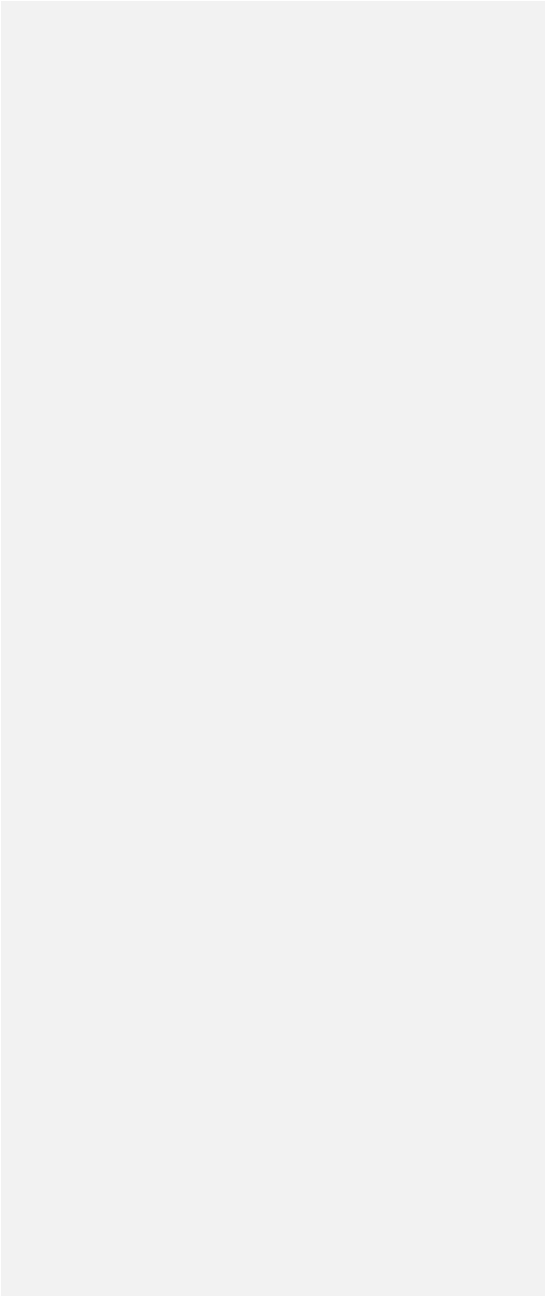
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EXECUTIVE SUMMARY

Project Description

The Town of Brookhaven Industrial Development Agency (Agency) received an application from Ferrandino and Son Development Group LLC (Applicant) for financial assistance for a 4.08-acre mixed-use project of 320,896 square feet consisting of two 4-story multifamily buildings with 2 parking garages, 262 total residential units, a 301-square-foot "Grab and Go" retail food location, and 540 square feet of ancillary office space. 10% of the units will be affordable (80% of AMI) and 10% of the units will be workforce (120% of AMI) per their application.

The Project represents a \$160.5 million investment and is anticipated by the Applicant to generate 5 full-time equivalent permanent jobs within three years in addition to 310 estimated construction jobs. To support this project, the Applicant requests financial assistance through a Payment In Lieu of Taxes (PILOT) agreement.

Purpose of this Analysis

An objective, third-party review of a project's assumptions and estimated operating and financial performance helps Industrial Development Agencies perform a complete evaluation of a proposed Project. Camoin Associates was engaged to analyze the Project and deliver an analysis of three PILOT Scenarios as outlined below.

- ◆ **Scenario 1:** Original 15-Year PILOT in accordance with the Agency's Uniform Tax Exemption Policy (UTEP)
- ◆ **Scenario 2:** Deviated 20-Year PILOT
- ◆ **Scenario 3:** Deviated 20-Year Land-Only PILOT

1. OPERATING ASSUMPTIONS

The Applicant’s operating assumptions are compared to CoStar estimates for rent in 2024 in Suffolk County and key metrics for workforce and affordable housing income limits as provided by the U.S. Department of Housing and Urban Development.

The operating assumptions will be identical over all three scenarios.

Affordable/Workforce Apartment Unit Type, Rent, and Household Income

Type of Apartment (1)	Number of Units (1)	Rent per Month (1)	Rent per Year	Household Income Required (2)	Income Limits Workforce	Income Limits Affordable (3)	Benchmarks
Affordable Studio	2	\$1,914	\$22,968	\$76,560	n/a	\$87,500	Meets Benchmark
Affordable Studio	3	\$1,984	\$23,808	\$79,360	n/a	\$87,500	Meets Benchmark
Workforce Studio	5	\$2,298	\$27,576	\$91,920	\$131,200	n/a	Meets Benchmark
Affordable 1BR	15	\$2,210	\$26,520	\$88,400	n/a	\$100,000	Meets Benchmark
Workforce 1BR	14	\$2,903	\$34,836	\$116,120	\$149,950	n/a	Meets Benchmark
Affordable 2BR	2	\$2,534	\$30,408	\$101,360	n/a	\$112,500	Meets Benchmark
Affordable 2BR	5	\$2,585	\$31,020	\$103,400	n/a	\$112,500	Meets Benchmark
Workforce 2BR	7	\$3,990	\$47,880	\$159,600	\$168,700	n/a	Meets Benchmark

(1) Source: Applicant

(2) Income needed to pay no more than 30% on rent

(3) Uncapped FY 2024 Low Income Limit Table By Family Size, Town of Brookhaven

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

Market Rate Apartment Unit Type, Rent, and Household Income						
Type of Apartment (1)	Number of Units (1)	Rent per Month (1)	Rent per Year	Household Income Required (2)	CoStar Market Rent (3)	Benchmarks
Market Studio	1	\$2,575	\$30,900	\$103,000	\$2,793	Meets Benchmark
Market Studio	6	\$2,681	\$32,172	\$107,240	\$2,793	Meets Benchmark
Market Studio	10	\$2,801	\$33,612	\$112,040	\$2,793	Meets Benchmark
Market Studio	4	\$2,704	\$32,448	\$108,160	\$2,793	Meets Benchmark
Market Studio	9	\$2,726	\$32,712	\$109,040	\$2,793	Meets Benchmark
Market Studio	2	\$2,806	\$33,672	\$112,240	\$2,793	Meets Benchmark
Market Studio	2	\$2,826	\$33,912	\$113,040	\$2,793	Meets Benchmark
Market Studio	2	\$2,902	\$34,824	\$116,080	\$2,793	Meets Benchmark
Market Studio	3	\$3,104	\$37,248	\$124,160	\$2,793	Meets Benchmark
Market 1BR	4	\$2,787	\$33,444	\$111,480	\$3,130	Meets Benchmark
Market 1BR	40	\$3,182	\$38,184	\$127,280	\$3,130	Meets Benchmark
Market 1BR	13	\$3,305	\$39,660	\$132,200	\$3,130	Meets Benchmark
Market 1BR	4	\$3,464	\$41,568	\$138,560	\$3,130	Meets Benchmark
Market 1BR	3	\$3,360	\$40,320	\$134,400	\$3,130	Meets Benchmark
Market 1BR	3	\$3,485	\$41,820	\$139,400	\$3,130	Meets Benchmark
Market 1BR	3	\$3,550	\$42,600	\$142,000	\$3,130	Meets Benchmark
Market 1BR	2	\$3,657	\$43,884	\$146,280	\$3,130	Meets Benchmark
Market 1BR	4	\$3,674	\$44,088	\$146,960	\$3,130	Meets Benchmark
Market 1BR	4	\$3,702	\$44,424	\$148,080	\$3,130	Meets Benchmark
Market 1BR	4	\$3,878	\$46,536	\$155,120	\$3,130	Exceeds Benchmark
Market 1BR	4	\$4,052	\$48,624	\$162,080	\$3,130	Exceeds Benchmark
Market 1BR	11	\$4,052	\$48,624	\$162,080	\$3,130	Exceeds Benchmark
Market 1BR	4	\$4,069	\$48,828	\$162,760	\$3,130	Exceeds Benchmark
Market 1BR	2	\$4,191	\$50,292	\$167,640	\$3,130	Exceeds Benchmark
Market 1BR	2	\$4,267	\$51,204	\$170,680	\$3,130	Exceeds Benchmark
Market 1BR	4	\$4,323	\$51,876	\$172,920	\$3,130	Exceeds Benchmark
Market 1BR	1	\$4,347	\$52,164	\$173,880	\$3,130	Exceeds Benchmark
Market 2BR	22	\$3,988	\$47,856	\$159,520	\$3,698	Meets Benchmark
Market 2BR	11	\$4,013	\$48,156	\$160,520	\$3,698	Meets Benchmark
Market 2BR	8	\$4,261	\$51,132	\$170,440	\$3,698	Meets Benchmark
Market 2BR	4	\$4,256	\$51,072	\$170,240	\$3,698	Meets Benchmark
Market 2BR	4	\$4,128	\$49,536	\$165,120	\$3,698	Meets Benchmark
Market 2BR	3	\$4,383	\$52,596	\$175,320	\$3,698	Meets Benchmark
Market 2BR	3	\$4,278	\$51,336	\$171,120	\$3,698	Meets Benchmark
Market 2BR	3	\$4,438	\$53,256	\$177,520	\$3,698	Exceeds Benchmark

(1) Source: Applicant

(2) Income needed to pay no more than 30% on rent

(5) 2024 Average monthly rent for newly built apartments (Post 2020) for Suffolk County, NY Source: CoStar

2. PILOT SCHEDULE

Camoin Associates created three PILOT schedules in alignment with the Agency’s Uniform Tax Exemption Policy (UTEP) and detailed in the Applicant’s economic impact analysis. The proposed location’s present uses are heavy industrial, automotive mechanic, auto-body shop, mixed-use office, and laundromat. The current taxes for these uses were combined and calculated from the full assessed value. Below is the standard 15-year PILOT Scenario.

PILOT Schedule - Provided 15 Year					
<u>As-Is Scenario</u>					
Year	Existing Town and Village Taxes Without Project	Proposed Exemption	Total PILOT	Estimated PILOT Savings	Project w/out PILOT
	(1)	(2)	(2)	(2)	(2)
Construction/ Tax Year 1	\$184,361	-	\$184,361	\$0	\$184,361
Construction/ Tax Year 2	\$188,048	-	\$188,048	\$0	\$188,048
Construction/ Tax Year 3	\$191,809	-	\$191,809	\$0	\$191,809
PILOT/Tax Year 4	\$195,645	93.75%	\$351,713	\$2,167,679	\$ 2,519,392
PILOT/Tax Year 5	\$199,558	87.50%	\$517,936	\$2,051,843	\$ 2,569,780
PILOT/Tax Year 6	\$203,549	81.25%	\$690,668	\$1,930,507	\$ 2,621,175
PILOT/Tax Year 7	\$207,620	75.00%	\$870,102	\$1,803,496	\$ 2,673,599
PILOT/Tax Year 8	\$211,772	68.75%	\$1,056,437	\$1,670,633	\$ 2,727,071
PILOT/Tax Year 9	\$216,008	62.50%	\$1,249,878	\$1,531,734	\$ 2,781,612
PILOT/Tax Year 10	\$220,328	56.25%	\$1,450,633	\$1,386,611	\$ 2,837,244
PILOT/Tax Year 11	\$224,735	50.00%	\$1,658,919	\$1,235,070	\$ 2,893,989
PILOT/Tax Year 12	\$229,229	43.75%	\$1,874,955	\$1,076,913	\$ 2,951,869
PILOT/Tax Year 13	\$233,814	37.50%	\$2,098,970	\$911,936	\$ 3,010,906
PILOT/Tax Year 14	\$238,490	31.25%	\$2,331,196	\$739,929	\$ 3,071,124
PILOT/Tax Year 15	\$243,260	25.00%	\$2,571,870	\$560,676	\$ 3,132,547
Total	\$3,188,225		\$17,287,495	\$17,067,029	\$34,354,524

(1) Source: Calculated Full Land & Improvement Value From Existing Land Parcels, Excludes Village Sewer, BIDS - Statement of Taxes 2024-2025. Assumes 2% annual increase

(2) Source: Town of Brookhaven, Village of Patchogue

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

Below is the deviated 20-year PILOT Scenario.

PILOT Schedule - Deviated 20 Year					
<u>As-Is Scenario</u>					
Year	Existing Town and Village Taxes Without Project	Proposed Exemption	Total PILOT	Estimated PILOT Savings	Project w/out PILOT
	(1)	(2)	(2)	(2)	(2)
Construction/ Tax Year 1	\$184,361	-	\$184,361	\$0	\$184,361
Construction/ Tax Year 2	\$188,048	-	\$188,048	\$0	\$188,048
Construction/ Tax Year 3	\$191,809	-	\$191,809	\$0	\$191,809
PILOT/Tax Year 4	\$195,645	96%	\$305,484	\$2,213,907	\$ 2,519,392
PILOT/Tax Year 5	\$199,558	91%	\$423,630	\$2,146,149	\$ 2,569,780
PILOT/Tax Year 6	\$203,549	87%	\$546,380	\$2,074,795	\$ 2,621,175
PILOT/Tax Year 7	\$207,620	82%	\$673,870	\$1,999,729	\$ 2,673,599
PILOT/Tax Year 8	\$211,772	78%	\$806,241	\$1,920,830	\$ 2,727,071
PILOT/Tax Year 9	\$216,008	74%	\$943,637	\$1,837,975	\$ 2,781,612
PILOT/Tax Year 10	\$220,328	69%	\$1,086,207	\$1,751,037	\$ 2,837,244
PILOT/Tax Year 11	\$224,735	65%	\$1,234,102	\$1,659,887	\$ 2,893,989
PILOT/Tax Year 12	\$229,229	60%	\$1,387,479	\$1,564,390	\$ 2,951,869
PILOT/Tax Year 13	\$233,814	56%	\$1,546,496	\$1,464,410	\$ 3,010,906
PILOT/Tax Year 14	\$238,490	52%	\$1,711,320	\$1,359,804	\$ 3,071,124
PILOT/Tax Year 15	\$243,260	47%	\$1,882,118	\$1,250,429	\$ 3,132,547
PILOT/Tax Year 16	\$248,125	43%	\$2,059,063	\$1,136,135	\$ 3,195,198
PILOT/Tax Year 17	\$253,088	38%	\$2,242,333	\$1,016,768	\$ 3,259,102
PILOT/Tax Year 18	\$258,149	34%	\$2,432,111	\$892,173	\$ 3,324,284
PILOT/Tax Year 19	\$263,312	30%	\$2,628,582	\$762,187	\$ 3,390,769
PILOT/Tax Year 20	\$268,579	25%	\$2,831,940	\$626,645	\$ 3,458,585
Total	\$4,479,477		\$25,305,211	\$25,677,251	\$50,982,462

(1) Source: Calculated Full Land & Improvement Value From Existing Land Parcels, Excludes Village Sewer, BIDS - Statement of Taxes 2024-2025. Assumes 2% annual increase

(2) Source: Town of Brookhaven, Village of Patchogue

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

Below is the deviated land-only PILOT Scenario

PILOT Schedule - Deviated 20 Year Land Only					
<u>As-Is Scenario</u>					
Year	Existing Town and Village Taxes	Proposed	Total PILOT	Estimated PILOT Savings	Project w/out PILOT
	Without Project	Exemption			
	(1)	(2)	(2)	(2)	(2)
Construction/ Tax Year 1	\$184,361	-	\$184,361	\$0	\$184,361
Construction/ Tax Year 2	\$188,048	-	\$188,048	\$0	\$188,048
Construction/ Tax Year 3	\$191,809	-	\$191,809	\$0	\$191,809
PILOT/Tax Year 4	\$195,645	100%	\$195,645	\$2,323,747	\$ 2,519,392
PILOT/Tax Year 5	\$199,558	100%	\$199,558	\$2,370,222	\$ 2,569,780
PILOT/Tax Year 6	\$203,549	100%	\$203,549	\$2,417,626	\$ 2,621,175
PILOT/Tax Year 7	\$207,620	100%	\$207,620	\$2,465,979	\$ 2,673,599
PILOT/Tax Year 8	\$211,772	100%	\$211,772	\$2,515,298	\$ 2,727,071
PILOT/Tax Year 9	\$216,008	100%	\$216,008	\$2,565,604	\$ 2,781,612
PILOT/Tax Year 10	\$220,328	100%	\$220,328	\$2,616,916	\$ 2,837,244
PILOT/Tax Year 11	\$224,735	100%	\$224,735	\$2,669,255	\$ 2,893,989
PILOT/Tax Year 12	\$229,229	100%	\$229,229	\$2,722,640	\$ 2,951,869
PILOT/Tax Year 13	\$233,814	100%	\$233,814	\$2,777,092	\$ 3,010,906
PILOT/Tax Year 14	\$238,490	100%	\$238,490	\$2,832,634	\$ 3,071,124
PILOT/Tax Year 15	\$243,260	100%	\$243,260	\$2,889,287	\$ 3,132,547
PILOT/Tax Year 16	\$248,125	100%	\$248,125	\$2,947,073	\$ 3,195,198
PILOT/Tax Year 17	\$253,088	100%	\$253,088	\$3,006,014	\$ 3,259,102
PILOT/Tax Year 18	\$258,149	100%	\$258,149	\$3,066,134	\$ 3,324,284
PILOT/Tax Year 19	\$263,312	100%	\$263,312	\$3,127,457	\$ 3,390,769
PILOT/Tax Year 20	\$268,579	100%	\$268,579	\$3,190,006	\$ 3,458,585
Total	\$4,479,477		\$4,479,477	\$46,502,985	\$50,982,462

(1) Source: Calculated Full Land & Improvement Value From Existing Land Parcels, Excludes Village Sewer, BIDS - Statement of Taxes 2024-2025. Assumes 2% annual increase

(2) Source: Town of Brookhaven, Village of Patchogue

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

Below is a table showing the real property tax rates between the three scenarios. The taxes without PILOT represent the full amount of real property taxes that would be paid without any PILOT abatement. The difference between what would be owed and the abated taxes is forgone revenue to the municipality, thus benefiting the project.

Conversely, the benefit to the municipality represents the difference between PILOT tax payments made and what would be collected without the improved value of the project.

**Real Property Tax Comparison
20 Year PILOT**

	<u>Deviation 20 Year</u>	<u>Deviation 20 Year</u>	<u>Standard 15</u>
	<u>Land Only PILOT</u>	<u>PILOT</u>	<u>Year PILOT</u>
<u>Comparison of Taxes on Full Value of Project</u>			
Taxes without PILOT	\$50,982,462	\$50,982,462	\$34,354,524
Less: PILOT/Tax Payments	<u>(\$4,479,477)</u>	<u>(\$25,491,231)</u>	<u>(\$17,287,495)</u>
Foregone Revenue (Benefits to Project)	\$46,502,985	\$25,491,231	\$17,067,029
Abatement Percent	91.2%	50.0%	49.7%
	<u>Deviation 20 Year</u>	<u>Deviation 20 Year</u>	<u>Standard 15</u>
	<u>Land Only PILOT</u>	<u>PILOT</u>	<u>Year PILOT</u>
<u>Net New Taxes Compared with No Project</u>			
PILOT	\$4,479,477	\$25,491,231	\$17,287,495
Less: Estimated Taxes without Project	<u>(\$4,479,477)</u>	<u>(\$4,479,477)</u>	<u>(\$3,188,225)</u>
Estimated New Tax Revenue (Benefits to Municipalities)	\$0	\$21,011,754	\$14,099,270

5. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable. Financial performance without assistance (No PILOT), a standard 15-year PILOT, a deviated 20-year PILOT, and a deviated land-only 20-year PILOT were examined. Below are the results of this analysis.

Comparison of Return on Investment					
	<u>20 Years</u>	<u>Standard 15</u>	<u>Deviated 20</u>	<u>20 Year Land</u>	<u>Benchmarks</u>
	<u>No PILOT</u>	<u>Year PILOT</u>	<u>Year PILOT</u>	<u>Only PILOT</u>	<u>(1)</u>
<u>Equity Dividend Rates</u>					
Average	1.56%	2.72%	3.95%	5.88%	
Minimum	-1.35%	1.70%	1.93%	2.47%	4.72% to
Maximum	5.30%	3.68%	6.29%	10.35%	9.6%
Year Benchmarks Met	19	n/a	16	11	
<u>Cash Flow</u>					
Average	\$987,552	\$1,721,787	\$2,497,979	\$3,723,022	
Minimum	(\$856,890)	\$1,073,617	\$1,217,905	\$1,560,736	
Maximum	\$3,355,851	\$2,327,749	\$3,982,496	\$6,545,857	n/a
Cumulative	\$16,788,391	\$20,661,446	\$42,465,642	\$63,291,376	
Year Investment Recouped	n/a	n/a	n/a	20	
<u>Debt Service Coverage</u>					
Average	1.14	1.25	1.35	1.52	1.00
Minimum	0.88	1.15	1.17	1.21	to
Maximum	1.46	1.39	1.54	1.89	1.86
Years Benchmarks Met	10	1	1	1	

(1) Source: RealtyRates for Q4 2024

ATTACHMENT 1: PRO FORMAS

214 West Main, Patchogue NY

Date 2/19/2025

Annual Cashflows (Pro Forma) - NO PILOT

	Construction Year	Year 4 (Stabilized)	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Operating Cash Flow								
<u>Residential Income</u>								
Gross Operating Income	\$ -	\$ 11,717,767	\$ 12,074,174	\$ 12,441,422	\$ 12,819,840	\$ 13,209,767	\$ 13,611,555	\$ 14,025,563
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ (815,843)	\$ (840,658)	\$ (866,227)	\$ (892,575)	\$ (919,723)	\$ (947,697)	\$ (976,523)
Net Rental Income, Residential	\$ -	\$ 10,901,924	\$ 11,233,516	\$ 11,575,194	\$ 11,927,265	\$ 12,290,044	\$ 12,663,858	\$ 13,049,041
<u>Commercial/Industrial Income</u>								
Gross Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rental Income, Commercial/Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Income</u>								
Parking Income	\$ -	\$ 388,963	\$ 400,632	\$ 412,651	\$ 425,030	\$ 437,781	\$ 450,915	\$ 464,442
Other Income	\$ -	\$ 506,313	\$ 521,875	\$ 537,915	\$ 554,448	\$ 571,489	\$ 589,053	\$ 607,157
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income, Other	\$ -	\$ 895,276	\$ 922,507	\$ 950,566	\$ 979,478	\$ 1,009,270	\$ 1,039,968	\$ 1,071,599
Effective Gross Income (EGI)	\$ -	\$ 11,797,200	\$ 12,156,023	\$ 12,525,760	\$ 12,906,743	\$ 13,299,314	\$ 13,703,825	\$ 14,120,640
<u>Operating Expenses (enter positive numbers)</u>								
Salaries and Wages	\$ -	\$ 696,293	\$ 713,275	\$ 730,685	\$ 748,536	\$ 766,839	\$ 785,604	\$ 804,844
Maintenance	\$ -	\$ 1,026,743	\$ 1,052,708	\$ 1,079,329	\$ 1,106,624	\$ 1,134,608	\$ 1,163,301	\$ 1,192,719
Deposit to replacement reserve	\$ -	\$ 71,262	\$ 73,064	\$ 74,912	\$ 76,806	\$ 78,748	\$ 80,740	\$ 82,782
Insurance	\$ -	\$ 226,919	\$ 232,657	\$ 238,541	\$ 244,573	\$ 250,758	\$ 257,099	\$ 263,601
Other	\$ -	\$ 1,247,005	\$ 1,280,836	\$ 1,315,592	\$ 1,351,298	\$ 1,387,982	\$ 1,425,670	\$ 1,464,390
Operating Expenses	\$ -	\$ 3,268,222	\$ 3,352,539	\$ 3,439,058	\$ 3,527,837	\$ 3,618,936	\$ 3,712,414	\$ 3,808,335
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ -	\$ 8,528,978	\$ 8,803,484	\$ 9,086,702	\$ 9,378,906	\$ 9,680,378	\$ 9,991,411	\$ 10,312,305
Real Property Taxes (assuming no PILOT)	\$ -	\$ 2,519,392	\$ 2,569,780	\$ 2,621,175	\$ 2,673,599	\$ 2,727,071	\$ 2,781,612	\$ 2,837,244
Net Operating Income (NOI) after Taxes	\$ -	\$ 6,009,586	\$ 6,233,704	\$ 6,465,527	\$ 6,705,307	\$ 6,953,308	\$ 7,209,799	\$ 7,475,061
<u>Loan or Mortgage (Debt Service)</u>								
I.O. Period	\$ -	\$ 5,957,798	\$ 5,957,798	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgage Payment	\$ -	\$ -	\$ -	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Debt Service	\$ -	\$ 5,957,798	\$ 5,957,798	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Cash Flow After Financing and Reserve	\$ -	\$ 51,788	\$ 275,906	\$ (856,890)	\$ (617,110)	\$ (369,109)	\$ (112,617)	\$ 152,644
Debt Service Coverage Ratio (DSCR)		1.01	1.05	0.88	0.92	0.95	0.98	1.02
Equity Dividend Rate		0.08%	0.44%	-1.35%	-0.98%	-0.58%	-0.18%	0.24%

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

214 West Main, Patchogue NY

Annual Cashflows (Pro Forma) - NO PILOT

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Operating Cash Flow										
<u>Residential Income</u>										
Gross Operating Income	\$ 14,452,164	\$ 14,891,741	\$ 15,344,687	\$ 15,811,411	\$ 16,292,330	\$ 16,787,877	\$ 17,298,496	\$ 17,824,646	\$ 18,366,800	\$ 18,925,444
Less: Vacancy Allowance (enter as a negative number)	\$ (1,006,224)	\$ (1,036,830)	\$ (1,068,366)	\$ (1,100,861)	\$ (1,134,345)	\$ (1,168,847)	\$ (1,204,399)	\$ (1,241,032)	\$ (1,278,779)	\$ (1,317,674)
Net Rental Income, Residential	\$ 13,445,940	\$ 13,854,911	\$ 14,276,322	\$ 14,710,549	\$ 15,157,985	\$ 15,619,030	\$ 16,094,097	\$ 16,583,615	\$ 17,088,021	\$ 17,607,770
<u>Commercial/Industrial Income</u>										
Gross Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rental Income, Commercial/Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Income</u>										
Parking Income	\$ 478,375	\$ 492,727	\$ 507,508	\$ 522,734	\$ 538,416	\$ 554,568	\$ 571,205	\$ 588,341	\$ 605,992	\$ 624,171
Other Income	\$ 625,818	\$ 645,052	\$ 664,876	\$ 685,310	\$ 706,372	\$ 728,081	\$ 750,457	\$ 773,520	\$ 797,293	\$ 821,795
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income, Other	\$ 1,104,193	\$ 1,137,778	\$ 1,172,385	\$ 1,208,044	\$ 1,244,788	\$ 1,282,649	\$ 1,321,662	\$ 1,361,862	\$ 1,403,284	\$ 1,445,966
Effective Gross Income (EGI)	\$ 14,550,133	\$ 14,992,689	\$ 15,448,706	\$ 15,918,594	\$ 16,402,773	\$ 16,901,679	\$ 17,415,760	\$ 17,945,477	\$ 18,491,305	\$ 19,053,736
<u>Operating Expenses (enter positive numbers)</u>										
Salaries and Wages	\$ 824,570	\$ 844,796	\$ 865,532	\$ 886,793	\$ 908,592	\$ 930,942	\$ 953,857	\$ 977,352	\$ 1,001,441	\$ 1,026,139
Maintenance	\$ 1,222,881	\$ 1,253,806	\$ 1,285,512	\$ 1,318,021	\$ 1,351,352	\$ 1,385,525	\$ 1,420,563	\$ 1,456,487	\$ 1,493,319	\$ 1,531,083
Deposit to replacement reserve	\$ 84,875	\$ 87,021	\$ 89,222	\$ 91,478	\$ 93,792	\$ 96,164	\$ 98,595	\$ 101,089	\$ 103,645	\$ 106,266
Insurance	\$ 270,267	\$ 277,101	\$ 284,109	\$ 291,294	\$ 298,660	\$ 306,213	\$ 313,956	\$ 321,896	\$ 330,036	\$ 338,382
Other	\$ 1,504,170	\$ 1,545,040	\$ 1,587,029	\$ 1,630,169	\$ 1,674,491	\$ 1,720,028	\$ 1,766,814	\$ 1,814,883	\$ 1,864,271	\$ 1,915,014
Operating Expenses	\$ 3,906,763	\$ 4,007,764	\$ 4,111,404	\$ 4,217,755	\$ 4,326,886	\$ 4,438,872	\$ 4,553,786	\$ 4,671,707	\$ 4,792,712	\$ 4,916,884
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ 10,643,370	\$ 10,984,926	\$ 11,337,302	\$ 11,700,839	\$ 12,075,886	\$ 12,462,807	\$ 12,861,973	\$ 13,273,770	\$ 13,698,593	\$ 14,136,852
Real Property Taxes (assuming no PILOT)	\$ 2,893,989	\$ 2,951,869	\$ 3,010,906	\$ 3,071,124	\$ 3,132,547	\$ 3,195,198	\$ 3,259,102	\$ 3,324,284	\$ 3,390,769	\$ 3,458,585
Net Operating Income (NOI) after Taxes	\$ 7,749,381	\$ 8,033,057	\$ 8,326,396	\$ 8,629,714	\$ 8,943,340	\$ 9,267,609	\$ 9,602,872	\$ 9,949,486	\$ 10,307,824	\$ 10,678,267
Loan or Mortgage (Debt Service)										
I.O. Period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgage Payment	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Debt Service	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Cash Flow After Financing and Reserve	\$ 426,964	\$ 710,640	\$ 1,003,979	\$ 1,307,297	\$ 1,620,923	\$ 1,945,193	\$ 2,280,455	\$ 2,627,070	\$ 2,985,407	\$ 3,355,851
Debt Service Coverage Ratio (DSCR)	1.06	1.10	1.14	1.18	1.22	1.27	1.31	1.36	1.41	1.46
Equity Dividend Rate	0.67%	1.12%	1.59%	2.07%	2.56%	3.07%	3.60%	4.15%	4.72%	5.30%

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

214 West Main, Patchogue NY		Date		2/19/2025		Annual Cashflows (Pro Forma) - 15 Year PILOT													
	Construction	Year 1-3	Year 4 (Stabilized)	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15					
Operating Cash Flow																			
<u>Residential Income</u>																			
Gross Operating Income	\$	-	\$ 11,717,767	\$ 12,074,174	\$ 12,441,422	\$ 12,819,840	\$ 13,209,767	\$ 13,611,555	\$ 14,025,563	\$ 14,452,164	\$ 14,891,741	\$ 15,344,687	\$ 15,811,411	\$ 16,292,330					
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ (815,843)	\$ (840,658)	\$ (866,227)	\$ (892,575)	\$ (919,723)	\$ (947,697)	\$ (976,523)	\$ (1,006,224)	\$ (1,036,830)	\$ (1,068,366)	\$ (1,100,861)	\$ (1,134,345)					
Net Rental Income, Residential	\$	-	\$ 10,901,924	\$ 11,233,516	\$ 11,575,194	\$ 11,927,265	\$ 12,290,044	\$ 12,663,858	\$ 13,049,041	\$ 13,445,940	\$ 13,854,911	\$ 14,276,322	\$ 14,710,549	\$ 15,157,985					
<u>Commercial/Industrial Income</u>																			
Gross Operating Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Less: Vacancy Allowance (enter as a negative number)	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Net Rental Income, Commercial/Industrial	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
<u>Other Income</u>																			
Parking Income	\$	-	\$ 388,963	\$ 400,632	\$ 412,651	\$ 425,030	\$ 437,781	\$ 450,915	\$ 464,442	\$ 478,375	\$ 492,727	\$ 507,508	\$ 522,734	\$ 538,416					
Other Income	\$	-	\$ 506,313	\$ 521,875	\$ 537,915	\$ 554,448	\$ 571,489	\$ 589,053	\$ 607,157	\$ 625,818	\$ 645,052	\$ 664,876	\$ 685,310	\$ 706,372					
Other Income	\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Net Income, Other	\$	-	\$ 895,276	\$ 922,507	\$ 950,566	\$ 979,478	\$ 1,009,270	\$ 1,039,968	\$ 1,071,599	\$ 1,104,193	\$ 1,137,778	\$ 1,172,385	\$ 1,208,044	\$ 1,244,788					
Effective Gross Income (EGI)	\$	-	\$ 11,797,200	\$ 12,156,023	\$ 12,525,760	\$ 12,906,743	\$ 13,299,314	\$ 13,703,825	\$ 14,120,640	\$ 14,550,133	\$ 14,992,689	\$ 15,448,706	\$ 15,918,594	\$ 16,402,773					
<u>Operating Expenses (enter positive numbers)</u>																			
Salaries and Wages	\$	-	\$ 696,293	\$ 713,275	\$ 730,685	\$ 748,536	\$ 766,839	\$ 785,604	\$ 804,844	\$ 824,570	\$ 844,796	\$ 865,532	\$ 886,793	\$ 908,592					
Maintenance	\$	-	\$ 1,026,743	\$ 1,052,708	\$ 1,079,329	\$ 1,106,624	\$ 1,134,608	\$ 1,163,301	\$ 1,192,719	\$ 1,222,881	\$ 1,253,806	\$ 1,285,512	\$ 1,318,021	\$ 1,351,352					
Deposit to replacement reserve	\$	-	\$ 71,262	\$ 73,064	\$ 74,912	\$ 76,806	\$ 78,748	\$ 80,740	\$ 82,782	\$ 84,875	\$ 87,021	\$ 89,222	\$ 91,478	\$ 93,792					
Insurance	\$	-	\$ 226,919	\$ 232,657	\$ 238,541	\$ 244,573	\$ 250,758	\$ 257,099	\$ 263,601	\$ 270,267	\$ 277,101	\$ 284,109	\$ 291,294	\$ 298,660					
Other	\$	-	\$ 1,247,005	\$ 1,280,836	\$ 1,315,592	\$ 1,351,298	\$ 1,387,982	\$ 1,425,670	\$ 1,464,390	\$ 1,504,170	\$ 1,545,040	\$ 1,587,029	\$ 1,630,169	\$ 1,674,491					
Operating Expenses	\$	-	\$ 3,268,222	\$ 3,352,539	\$ 3,439,058	\$ 3,527,837	\$ 3,618,936	\$ 3,712,414	\$ 3,808,335	\$ 3,906,763	\$ 4,007,764	\$ 4,111,404	\$ 4,217,755	\$ 4,326,886					
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$	-	\$ 8,528,978	\$ 8,803,484	\$ 9,086,702	\$ 9,378,906	\$ 9,680,378	\$ 9,991,411	\$ 10,312,305	\$ 10,643,370	\$ 10,984,926	\$ 11,337,302	\$ 11,700,839	\$ 12,075,886					
Real Property Taxes (assuming 15 Year PILOT)	\$	-	\$ 351,713	\$ 517,936	\$ 690,668	\$ 870,102	\$ 1,056,437	\$ 1,249,878	\$ 1,450,633	\$ 1,658,919	\$ 1,874,955	\$ 2,098,970	\$ 2,331,196	\$ 2,571,870					
Net Operating Income (NOI) after Taxes	\$	-	\$ 8,177,265	\$ 8,285,548	\$ 8,396,034	\$ 8,508,804	\$ 8,623,941	\$ 8,741,534	\$ 8,861,672	\$ 8,984,451	\$ 9,109,970	\$ 9,238,332	\$ 9,369,643	\$ 9,504,016					
<u>Loan or Mortgage (Debt Service)</u>																			
LO Period	\$	-	\$ 5,957,798	\$ 5,957,798	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -					
Mortgage Payment	\$	-	\$ -	\$ -	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417					
Debt Service	\$	-	\$ 5,957,798	\$ 5,957,798	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417					
Cash Flow After Financing and Reserve	\$	-	\$ 2,219,467	\$ 2,327,749	\$ 1,073,617	\$ 1,186,387	\$ 1,301,525	\$ 1,419,117	\$ 1,539,256	\$ 1,662,035	\$ 1,787,554	\$ 1,915,915	\$ 2,047,226	\$ 2,181,599					
Debt Service Coverage Ratio (DSCR)			1.37	1.39	1.15	1.16	1.18	1.19	1.21	1.23	1.24	1.26	1.28	1.30					
Equity Dividend Rate			3.51%	3.68%	1.70%	1.88%	2.06%	2.24%	2.43%	2.63%	2.83%	3.03%	3.24%	3.45%					

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

214 West Main, Patchogue NY		Date		2/19/2025						
Annual Cashflows (Pro Forma) - 20 Year Deviated PILOT										
	Construction									
	Year	Year 4								
	1-3	(Stabilized)	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Operating Cash Flow										
<u>Residential Income</u>										
Gross Operating Income	\$ -	\$ 11,717,767	\$ 12,074,174	\$ 12,441,422	\$ 12,819,840	\$ 13,209,767	\$ 13,611,555	\$ 14,025,563		
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ (815,843)	\$ (840,658)	\$ (866,227)	\$ (892,575)	\$ (919,723)	\$ (947,697)	\$ (976,523)		
Net Rental Income, Residential	\$ -	\$ 10,901,924	\$ 11,233,516	\$ 11,575,194	\$ 11,927,265	\$ 12,290,044	\$ 12,663,858	\$ 13,049,041		
<u>Commercial/Industrial Income</u>										
Gross Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Net Rental Income, Commercial/Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<u>Other Income</u>										
Parking Income	\$ -	\$ 388,963	\$ 400,632	\$ 412,651	\$ 425,030	\$ 437,781	\$ 450,915	\$ 464,442		
Other Income	\$ -	\$ 506,313	\$ 521,875	\$ 537,915	\$ 554,448	\$ 571,489	\$ 589,053	\$ 607,157		
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Net Income, Other	\$ -	\$ 895,276	\$ 922,507	\$ 950,566	\$ 979,478	\$ 1,009,270	\$ 1,039,968	\$ 1,071,599		
Effective Gross Income (EGI)	\$ -	\$ 11,797,200	\$ 12,156,023	\$ 12,525,760	\$ 12,906,743	\$ 13,299,314	\$ 13,703,825	\$ 14,120,640		
<u>Operating Expenses (enter positive numbers)</u>										
Salaries and Wages	\$ -	\$ 696,293	\$ 713,275	\$ 730,685	\$ 748,536	\$ 766,839	\$ 785,604	\$ 804,844		
Maintenance	\$ -	\$ 1,026,743	\$ 1,052,708	\$ 1,079,329	\$ 1,106,624	\$ 1,134,608	\$ 1,163,301	\$ 1,192,719		
Deposit to replacement reserve	\$ -	\$ 71,262	\$ 73,064	\$ 74,912	\$ 76,806	\$ 78,748	\$ 80,740	\$ 82,782		
Insurance	\$ -	\$ 226,919	\$ 232,657	\$ 238,541	\$ 244,573	\$ 250,758	\$ 257,099	\$ 263,601		
Other	\$ -	\$ 1,247,005	\$ 1,280,836	\$ 1,315,592	\$ 1,351,298	\$ 1,387,982	\$ 1,425,670	\$ 1,464,390		
Operating Expenses	\$ -	\$ 3,268,222	\$ 3,352,539	\$ 3,439,058	\$ 3,527,837	\$ 3,618,936	\$ 3,712,414	\$ 3,808,335		
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ -	\$ 8,528,978	\$ 8,803,484	\$ 9,086,702	\$ 9,378,906	\$ 9,680,378	\$ 9,991,411	\$ 10,312,305		
Real Property Taxes (assuming 20 Year PILOT)	\$ -	\$ 305,484	\$ 423,630	\$ 546,380	\$ 673,870	\$ 806,241	\$ 943,637	\$ 1,086,207		
Net Operating Income (NOI) after Taxes	\$ -	\$ 8,223,494	\$ 8,379,854	\$ 8,540,322	\$ 8,705,036	\$ 8,874,137	\$ 9,047,774	\$ 9,226,098		
<u>Loan or Mortgage (Debt Service)</u>										
I.O. Period	\$ -	\$ 5,957,798	\$ 5,957,798	\$ -	\$ -	\$ -	\$ -	\$ -		
Mortgage Payment	\$ -	\$ -	\$ -	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417		
Debt Service	\$ -	\$ 5,957,798	\$ 5,957,798	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417		
Cash Flow After Financing and Reserve	\$ -	\$ 2,265,695	\$ 2,422,055	\$ 1,217,905	\$ 1,382,619	\$ 1,551,721	\$ 1,725,357	\$ 1,903,681		
Debt Service Coverage Ratio (DSCR)		1.38	1.41	1.17	1.19	1.21	1.24	1.26		
Equity Dividend Rate		3.58%	3.83%	1.93%	2.19%	2.45%	2.73%	3.01%		

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

214 West Main, Patchogue NY

Annual Cashflows (Pro Forma) - 20 Year Deviated PILOT

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Operating Cash Flow										
<u>Residential Income</u>										
Gross Operating Income	\$ 14,452,164	\$ 14,891,741	\$ 15,344,687	\$ 15,811,411	\$ 16,292,330	\$ 16,787,877	\$ 17,298,496	\$ 17,824,646	\$ 18,366,800	\$ 18,925,444
Less: Vacancy Allowance (enter as a negative number)	\$ (1,006,224)	\$ (1,036,830)	\$ (1,068,366)	\$ (1,100,861)	\$ (1,134,345)	\$ (1,168,847)	\$ (1,204,399)	\$ (1,241,032)	\$ (1,278,779)	\$ (1,317,674)
Net Rental Income, Residential	\$ 13,445,940	\$ 13,854,911	\$ 14,276,322	\$ 14,710,549	\$ 15,157,985	\$ 15,619,030	\$ 16,094,097	\$ 16,583,615	\$ 17,088,021	\$ 17,607,770
<u>Commercial/Industrial Income</u>										
Gross Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rental Income, Commercial/Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Income</u>										
Parking Income	\$ 478,375	\$ 492,727	\$ 507,508	\$ 522,734	\$ 538,416	\$ 554,568	\$ 571,205	\$ 588,341	\$ 605,992	\$ 624,171
Other Income	\$ 625,818	\$ 645,052	\$ 664,876	\$ 685,310	\$ 706,372	\$ 728,081	\$ 750,457	\$ 773,520	\$ 797,293	\$ 821,795
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income, Other	\$ 1,104,193	\$ 1,137,778	\$ 1,172,385	\$ 1,208,044	\$ 1,244,788	\$ 1,282,649	\$ 1,321,662	\$ 1,361,862	\$ 1,403,284	\$ 1,445,966
Effective Gross Income (EGI)	\$ 14,550,133	\$ 14,992,689	\$ 15,448,706	\$ 15,918,594	\$ 16,402,773	\$ 16,901,679	\$ 17,415,760	\$ 17,945,477	\$ 18,491,305	\$ 19,053,736
<u>Operating Expenses (enter positive numbers)</u>										
Salaries and Wages	\$ 824,570	\$ 844,796	\$ 865,532	\$ 886,793	\$ 908,592	\$ 930,942	\$ 953,857	\$ 977,352	\$ 1,001,441	\$ 1,026,139
Maintenance	\$ 1,222,881	\$ 1,253,806	\$ 1,285,512	\$ 1,318,021	\$ 1,351,352	\$ 1,385,525	\$ 1,420,563	\$ 1,456,487	\$ 1,493,319	\$ 1,531,083
Deposit to replacement reserve	\$ 84,875	\$ 87,021	\$ 89,222	\$ 91,478	\$ 93,792	\$ 96,164	\$ 98,595	\$ 101,089	\$ 103,645	\$ 106,266
Insurance	\$ 270,267	\$ 277,101	\$ 284,109	\$ 291,294	\$ 298,660	\$ 306,213	\$ 313,956	\$ 321,896	\$ 330,036	\$ 338,382
Other	\$ 1,504,170	\$ 1,545,040	\$ 1,587,029	\$ 1,630,169	\$ 1,674,491	\$ 1,720,028	\$ 1,766,814	\$ 1,814,883	\$ 1,864,271	\$ 1,915,014
Operating Expenses	\$ 3,906,763	\$ 4,007,764	\$ 4,111,404	\$ 4,217,755	\$ 4,326,886	\$ 4,438,872	\$ 4,553,786	\$ 4,671,707	\$ 4,792,712	\$ 4,916,884
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ 10,643,370	\$ 10,984,926	\$ 11,337,302	\$ 11,700,839	\$ 12,075,886	\$ 12,462,807	\$ 12,861,973	\$ 13,273,770	\$ 13,698,593	\$ 14,136,852
Real Property Taxes (assuming 20 Year PILOT)	\$ 1,234,102	\$ 1,387,479	\$ 1,546,496	\$ 1,711,320	\$ 1,882,118	\$ 2,059,063	\$ 2,242,333	\$ 2,432,111	\$ 2,628,582	\$ 2,831,940
Net Operating Income (NOI) after Taxes	\$ 9,409,268	\$ 9,597,447	\$ 9,790,805	\$ 9,989,519	\$ 10,193,769	\$ 10,403,744	\$ 10,619,640	\$ 10,841,659	\$ 11,070,011	\$ 11,304,912
Loan or Mortgage (Debt Service)										
I.O. Period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgage Payment	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Debt Service	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Cash Flow After Financing and Reserve	\$ 2,086,851	\$ 2,275,030	\$ 2,468,389	\$ 2,667,102	\$ 2,871,352	\$ 3,081,327	\$ 3,297,223	\$ 3,519,243	\$ 3,747,594	\$ 3,982,496
Debt Service Coverage Ratio (DSCR)	1.28	1.31	1.34	1.36	1.39	1.42	1.45	1.48	1.51	1.54
Equity Dividend Rate	3.30%	3.60%	3.90%	4.22%	4.54%	4.87%	5.21%	5.56%	5.92%	6.29%

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

214 West Main, Patchogue NY		Date		2/19/2025						
Annual Cashflows (Pro Forma) - 20 Year Land PILOT										
	Construction									
	Year	Year 4								
	1-3	(Stabilized)	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Operating Cash Flow										
<u>Residential Income</u>										
Gross Operating Income	\$ -	\$ 11,717,767	\$ 12,074,174	\$ 12,441,422	\$ 12,819,840	\$ 13,209,767	\$ 13,611,555	\$ 14,025,563		
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ (815,843)	\$ (840,658)	\$ (866,227)	\$ (892,575)	\$ (919,723)	\$ (947,697)	\$ (976,523)		
Net Rental Income, Residential	\$ -	\$ 10,901,924	\$ 11,233,516	\$ 11,575,194	\$ 11,927,265	\$ 12,290,044	\$ 12,663,858	\$ 13,049,041		
<u>Commercial/Industrial Income</u>										
Gross Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Net Rental Income, Commercial/Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
<u>Other Income</u>										
Parking Income	\$ -	\$ 388,963	\$ 400,632	\$ 412,651	\$ 425,030	\$ 437,781	\$ 450,915	\$ 464,442		
Other Income	\$ -	\$ 506,313	\$ 521,875	\$ 537,915	\$ 554,448	\$ 571,489	\$ 589,053	\$ 607,157		
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Net Income, Other	\$ -	\$ 895,276	\$ 922,507	\$ 950,566	\$ 979,478	\$ 1,009,270	\$ 1,039,968	\$ 1,071,599		
Effective Gross Income (EGI)	\$ -	\$ 11,797,200	\$ 12,156,023	\$ 12,525,760	\$ 12,906,743	\$ 13,299,314	\$ 13,703,825	\$ 14,120,640		
<u>Operating Expenses (enter positive numbers)</u>										
Salaries and Wages	\$ -	\$ 696,293	\$ 713,275	\$ 730,685	\$ 748,536	\$ 766,839	\$ 785,604	\$ 804,844		
Maintenance	\$ -	\$ 1,026,743	\$ 1,052,708	\$ 1,079,329	\$ 1,106,624	\$ 1,134,608	\$ 1,163,301	\$ 1,192,719		
Deposit to replacement reserve	\$ -	\$ 71,262	\$ 73,064	\$ 74,912	\$ 76,806	\$ 78,748	\$ 80,740	\$ 82,782		
Insurance	\$ -	\$ 226,919	\$ 232,657	\$ 238,541	\$ 244,573	\$ 250,758	\$ 257,099	\$ 263,601		
Other	\$ -	\$ 1,247,005	\$ 1,280,836	\$ 1,315,592	\$ 1,351,298	\$ 1,387,982	\$ 1,425,670	\$ 1,464,390		
Operating Expenses	\$ -	\$ 3,268,222	\$ 3,352,539	\$ 3,439,058	\$ 3,527,837	\$ 3,618,936	\$ 3,712,414	\$ 3,808,335		
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ -	\$ 8,528,978	\$ 8,803,484	\$ 9,086,702	\$ 9,378,906	\$ 9,680,378	\$ 9,991,411	\$ 10,312,305		
Real Property Taxes (assuming Land Only PILOT)	\$ -	\$ 195,645	\$ 199,558	\$ 203,549	\$ 207,620	\$ 211,772	\$ 216,008	\$ 220,328		
Net Operating Income (NOI) after Taxes	\$ -	\$ 8,333,333	\$ 8,603,926	\$ 8,883,153	\$ 9,171,286	\$ 9,468,606	\$ 9,775,403	\$ 10,091,977		
<u>Loan or Mortgage (Debt Service)</u>										
I.O. Period	\$ -	\$ 5,957,798	\$ 5,957,798	\$ -	\$ -	\$ -	\$ -	\$ -		
Mortgage Payment	\$ -	\$ -	\$ -	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417		
Debt Service	\$ -	\$ 5,957,798	\$ 5,957,798	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417		
Cash Flow After Financing and Reserve	\$ -	\$ 2,375,535	\$ 2,646,128	\$ 1,560,736	\$ 1,848,869	\$ 2,146,189	\$ 2,452,987	\$ 2,769,561		
Debt Service Coverage Ratio (DSCR)		1.40	1.44	1.21	1.25	1.29	1.33	1.38		
Equity Dividend Rate		3.75%	4.18%	2.47%	2.92%	3.39%	3.88%	4.38%		

Reasonableness Assessment for Ferrandino and Son Development Group LLC, Town of Brookhaven Industrial Development Agency

214 West Main, Patchogue NY

Annual Cashflows (Pro Forma) - 20 Year Land PILOT

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
Operating Cash Flow										
<u>Residential Income</u>										
Gross Operating Income	\$ 14,452,164	\$ 14,891,741	\$ 15,344,687	\$ 15,811,411	\$ 16,292,330	\$ 16,787,877	\$ 17,298,496	\$ 17,824,646	\$ 18,366,800	\$ 18,925,444
Less: Vacancy Allowance (enter as a negative number)	\$ (1,006,224)	\$ (1,036,830)	\$ (1,068,366)	\$ (1,100,861)	\$ (1,134,345)	\$ (1,168,847)	\$ (1,204,399)	\$ (1,241,032)	\$ (1,278,779)	\$ (1,317,674)
Net Rental Income, Residential	\$ 13,445,940	\$ 13,854,911	\$ 14,276,322	\$ 14,710,549	\$ 15,157,985	\$ 15,619,030	\$ 16,094,097	\$ 16,583,615	\$ 17,088,021	\$ 17,607,770
<u>Commercial/Industrial Income</u>										
Gross Operating Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Less: Vacancy Allowance (enter as a negative number)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Rental Income, Commercial/Industrial	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Other Income</u>										
Parking Income	\$ 478,375	\$ 492,727	\$ 507,508	\$ 522,734	\$ 538,416	\$ 554,568	\$ 571,205	\$ 588,341	\$ 605,992	\$ 624,171
Other Income	\$ 625,818	\$ 645,052	\$ 664,876	\$ 685,310	\$ 706,372	\$ 728,081	\$ 750,457	\$ 773,520	\$ 797,293	\$ 821,795
Other Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net Income, Other	\$ 1,104,193	\$ 1,137,778	\$ 1,172,385	\$ 1,208,044	\$ 1,244,788	\$ 1,282,649	\$ 1,321,662	\$ 1,361,862	\$ 1,403,284	\$ 1,445,966
Effective Gross Income (EGI)	\$ 14,550,133	\$ 14,992,689	\$ 15,448,706	\$ 15,918,594	\$ 16,402,773	\$ 16,901,679	\$ 17,415,760	\$ 17,945,477	\$ 18,491,305	\$ 19,053,736
<u>Operating Expenses (enter positive numbers)</u>										
Salaries and Wages	\$ 824,570	\$ 844,796	\$ 865,532	\$ 886,793	\$ 908,592	\$ 930,942	\$ 953,857	\$ 977,352	\$ 1,001,441	\$ 1,026,139
Maintenance	\$ 1,222,881	\$ 1,253,806	\$ 1,285,512	\$ 1,318,021	\$ 1,351,352	\$ 1,385,525	\$ 1,420,563	\$ 1,456,487	\$ 1,493,319	\$ 1,531,083
Deposit to replacement reserve	\$ 84,875	\$ 87,021	\$ 89,222	\$ 91,478	\$ 93,792	\$ 96,164	\$ 98,595	\$ 101,089	\$ 103,645	\$ 106,266
Insurance	\$ 270,267	\$ 277,101	\$ 284,109	\$ 291,294	\$ 298,660	\$ 306,213	\$ 313,956	\$ 321,896	\$ 330,036	\$ 338,382
Other	\$ 1,504,170	\$ 1,545,040	\$ 1,587,029	\$ 1,630,169	\$ 1,674,491	\$ 1,720,028	\$ 1,766,814	\$ 1,814,883	\$ 1,864,271	\$ 1,915,014
Operating Expenses	\$ 3,906,763	\$ 4,007,764	\$ 4,111,404	\$ 4,217,755	\$ 4,326,886	\$ 4,438,872	\$ 4,553,786	\$ 4,671,707	\$ 4,792,712	\$ 4,916,884
Pre-Tax Operating Income (Revenue less Operating Expenses)	\$ 10,643,370	\$ 10,984,926	\$ 11,337,302	\$ 11,700,839	\$ 12,075,886	\$ 12,462,807	\$ 12,861,973	\$ 13,273,770	\$ 13,698,593	\$ 14,136,852
Real Property Taxes (assuming Land Only PILOT)	\$ 224,735	\$ 229,229	\$ 233,814	\$ 238,490	\$ 243,260	\$ 248,125	\$ 253,088	\$ 258,149	\$ 263,312	\$ 268,579
Net Operating Income (NOI) after Taxes	\$ 10,418,636	\$ 10,755,696	\$ 11,103,488	\$ 11,462,348	\$ 11,832,627	\$ 12,214,682	\$ 12,608,886	\$ 13,015,621	\$ 13,435,281	\$ 13,868,274
Loan or Mortgage (Debt Service)										
I.O. Period	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Mortgage Payment	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Debt Service	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417	\$ 7,322,417
Cash Flow After Financing and Reserve	\$ 3,096,219	\$ 3,433,280	\$ 3,781,071	\$ 4,139,932	\$ 4,510,210	\$ 4,892,265	\$ 5,286,469	\$ 5,693,204	\$ 6,112,864	\$ 6,545,857
Debt Service Coverage Ratio (DSCR)	1.42	1.47	1.52	1.57	1.62	1.67	1.72	1.78	1.83	1.89
Equity Dividend Rate	4.89%	5.43%	5.98%	6.54%	7.13%	7.73%	8.36%	9.00%	9.66%	10.35%

APPENDIX A: SCOPE OF SERVICES

To assist with its evaluation of the Applicant's request for financial assistance, Camoin was commissioned by the Town of Brookhaven Industrial Development Agency to conduct the above analyses. The analysis is comprised of four tasks:

- ◆ *Test Assumptions* by comparing rents, operating costs, and vacancy rates to real estate benchmarks for similar projects and noting any significant differences. Operating performance and net income are also evaluated.
- ◆ *Review the Financing Plan* and perform an objective third-party evaluation of the estimated return on investment (ROI) to the Applicant with and without a PILOT agreement. We also analyze whether the capital structure and terms of the long-term debt are within market benchmarks for obtaining bank financing.
- ◆ *Evaluate the effects of one or more PILOTs* recommended by the Agency and determine whether the PILOT would result in a return that is within what would normally be anticipated in the current market for a similar project.
- ◆ *Provide an objective, third-party opinion* about the need for and reasonableness of the financial assistance.

Sources Consulted

- ◆ Application for Financial Assistance dated 11/9/2023.
- ◆ Project financing and annual cashflow workbook submitted by the Applicant on February 13th, 2025, with submitted revisions.
- ◆ Real estate tax information and estimates received from the Agency, including anticipated future assessed value of the Project.
- ◆ CoStar
- ◆ RealtyRates.com



CoStar is the leading source of commercial real estate intelligence in the U.S. It provides a full market inventory of properties and spaces—available as well as fully leased—by market and submarket. Details on vacancy, absorption, lease rates, inventory, and other real estate market data are provided, as well as property-specific information including photos and floor plans. More at www.costar.com.



RealtyRates.com™ is a comprehensive resource of real estate investment and development news, trends, analytics, and market research that support real estate professionals involved with more than 50 income producing and sell-out property types throughout the U.S. RealtyRates.com™ is the publisher of the award-winning Investor, Developer and Market Surveys, providing data essential to the appraisal, evaluation, disposition and marketing of investment and development real estate nationwide.

Commented [RS1]: Double check these

APPENDIX B: DEFINITIONS

Equity Dividend Rate: This is calculated as the rate of return on the equity component of a project. It is calculated as follows: (Source: RealtyRates.com)

Equity Dividend / Equity Investment = Equity Dividend Rate, where Equity Dividend = Net Operating Income – Debt Service.

Debt Service Coverage Ratio (DSCR): The ratio of annual debt repayment, including principal and interest, to total Net Operating Income (NOI). (Source: RealtyRates.com)

Net Operating Income (NOI): Income net of all operating costs including vacancy and collection loss but not including debt service. Appraisers also typically expense reserves for repairs and replacements. However, because reserves are not usually reported along with other transaction data, RealtyRates.com tracks lender requirements but does not include them in calculations. (Source: RealtyRates.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), Crain's New York Business, Forbes magazine, The New York Times, and The Wall Street Journal. Additionally, our marketing strategies have helped our clients gain both national and local media coverage for their projects in order to build public support and leverage additional funding. 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](#) and [LinkedIn](#).

THE PROJECT TEAM

Rachel Selsky
Vice President, Project Principal

Thomas Galvin
Senior Real Estate Specialist, Project Analyst

VanBRUNT, JUZWIAK & RUSSO, P.C.

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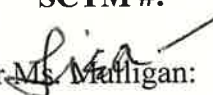
RICHARD H. VanBRUNT
1927 - 2006

November 6, 2023

Via Hand Delivery and Email

Ms. Lisa M.G. Mulligan, Executive Director
Brookhaven Town Industrial Development Agency
One Independence Hill
Farmingville, New York 11738

Re: Applicant: Ferrandino and Son Development Group, LLC – Contract Vendee
Project: 214 West Main Street, Patchogue, New York
Application: Brookhaven Town IDA Financial Assessment Application
Premises: 214 West Main Street, 210 West Main Street, 200 West Main Street,
192-198 West Main, 188 West Main Street, 21 Hammond Street,
25 Hammond Street, 14 Hammond Street, 26 West Avenue,
Patchogue, New York
SCTM #: 0204-9-06-1.6, 1.9, 3, 4, 5, 13, 14, 18, 24

Dear  Ms. Mulligan:

As we discussed, enclosed herewith please find the following documents in connection with the above-referenced Brookhaven Town IDA Application for Ferrandino and Son Development Group, LLC:

1. Original and one (1) copy of the completed Brookhaven Town IDA Application for Financial Assistance, dated November 6, 2023, duly executed before a Notary Public by Edward M. Slezak, Senior Vice President, Ferrandino and Son Development Group, LLC;
2. LEAF, dated November 1, 2023, as prepared by VHB Engineering; and
3. Our client's Check No. 100033, dated November 1, 2023, in the amount of \$4,000.00 made payable to the Town of Brookhaven Industrial Development Agency for the required Application Fee.

As you are aware, our law firm represents Ferrandino and Son Development Group, LLC, 71 Carolyn Boulevard, Farmingdale, New York 11735. Ferrandino and Son Development Group, LLC is the Contract Vendee of the above-referenced premises. Ferrandino and Son Development Group, LLC hereby requests that the Brookhaven Town Industrial Development Agency consider its project for the standard benefits package of real estate taxes and mortgage recording taxes as well as and sales and use taxes in connection with its property development in Patchogue Village on West Main Street, Hammond Street and West Avenue.

Ferrandino and Son Development Group, LLC proposes the demolition of the existing vacant buildings as well as the buildings currently used for steel manufacturing, auto repair and laundromat on site. The Trolley House building, the last remaining historical structure of the former Lace Mill previously located across the street, which currently operates as a custom iron works manufacturing facility, will not be demolished. The Trolley House will be refurbished and incorporated within the newly proposed project development. Ferrandino and Son Development Group, LLC proposes the construction of two (2) four-story mixed-use buildings with a total of 262 residential units, of which 49 are studios, 141 are one-bedroom units and 72 are two-bedroom units, with retail, office space, two (2) parking garages and outdoor parking on a total of 4.08 acres.

The proposed four-story mixed-use building on the western side of the development ("Building 1") measures approximately 186,632 gross square feet and consists of 154 residential units as well as 301 square feet "grab and go" retail space and 540 square feet community office space on the ground floor with a central courtyard and pool above the parking garage. The Trolley House will be refurbished and incorporated within the first floor façade of Building 1 to maintain this familiar structure within the existing community character of Patchogue Village. The Trolley House will be repurposed for community office space to be leased to and utilized by the Patchogue Village Chamber of Commerce. The proposed four-story building on the eastern side of the development ("Building 2") measures approximately 134,266 square feet and consists of 108 residential units with an outdoor courtyard on the second floor above the parking garage. It is contemplated that the project construction will be completed in two phases. Phase 1 will be the construction of Building 1 and it is anticipated to take twenty four (24) months to complete. Construction of Building 2 will occur in Phase 2 beginning twelve (12) months after the commencement of Phase 1 and is expected to be completed within twenty four (24) months.

The Patchogue River separates the two (2) proposed buildings. The wetlands area adjoining same will be revegetated and landscaped pursuant to NY DEC regulations and guidelines as public space.

The development proposes a total of 420 parking spaces. Building 1 provides a two-level parking garage at ground level with 282 parking spaces. Building 2 provides a one-level parking garage with 91 parking spaces at ground level. Additional 15 surface parking spaces are proposed on the west side of Building 1 as well as 32 surface parking spaces on the south side of Hammond Street (Lots 18 and 24), which is currently vacant land. Ingress and egress to the parking garages will be provided along West Main Street. Ingress and egress to the off-site parking lot will be provided from Hammond Street.

The proposed project will allow for Affordable/Workforce Housing consistent with Brookhaven Town IDA guidelines. The project will allocate twenty percent (20%) of the residential apartments, or approximately 53 units, as Affordable/Workforce Housing. Ten percent (10%) of the units will be allocated to residents who earn eighty percent (80%) of the Average Medium Income (AMI). The proposed monthly rent for a studio is \$1,586.00; a one-bedroom unit is \$1,812.00; and a two-bedroom unit is \$2,040.00. The remaining ten percent

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Ms. Lisa Mulligan
November 6, 2023

(10%) will be allocated for those residents earning one hundred twenty percent (120%) of AMI. The proposed monthly rent for a studio is \$2,379.00; a one-bedroom unit is \$2,718.00; and a two-bedroom unit is \$3,060.00. The proposed rental rates will be further reviewed and adjusted, as needed, at the time of rental occupancy.

The proposed project will create a high quality multi-family residential development to address residential demands in Patchogue Village. This design will appeal to that segment of the population looking for a housing alternative other than single family residences and provides a broader range of housing options. The project is compatible with the established pattern of land use and development in Patchogue Village as it is located near other multi-family residential developments. The project redevelops an underutilized property at a prominent location which is in walking distance from several destinations including the retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, YMCA and Carnegie Library. The premises is also located within one-half mile of the Long Island Railroad Station which will appeal to tenants, as commuters, and their visitors to Patchogue Village for accessible transportation oriented project development.

In addition, the development will provide economic benefits such as the increase of property taxes, sales and use tax generation, additional employment opportunities and the increased support of local businesses by adding more residents with purchasing power to the area. The project will also implement stormwater management infrastructure improvements by raising the base floodplain elevation of the building design to mitigate flooding potential.

Ferrandino and Son Development Group, LLC is finalizing its Patchogue Village Change of Use Petition for submission to the Patchogue Village Clerk with a copy to Patchogue Village Planning Board during the first week of November. The premises is currently zoned D2 Business District and E Industrial District. Ferrandino and Son Development Group, LLC is requesting a Change of Zone to D2 Business District to support the development. Much of the surrounding area along West Main Street is located within a D2 Business District. We anticipate a recommendation for approval to the Patchogue Village Board of Trustees from the Patchogue Village Planning Board at its public hearing on November 28, 2023. Review and approval of the Change of Zone from the Patchogue Village Board of Trustees is anticipated at its meeting on December 11, 2023. We will provide all required Village approvals and SEQRA Determination to the Brookhaven Town IDA upon receipt of same.

Thus, in summary, Ferrandino and Son Development Group, LLC hereby requests the Brookhaven Town Industrial Development Agency's consideration of its project for the standard benefits package of real estate taxes and mortgage recording taxes as well as sales and use taxes in connection with the development of the property in Patchogue Village. Furthermore, please note that Ferrandino and Son Development Group, LLC is seeking a **Twenty (20) Year PILOT Agreement** for the 262 residential rental apartments only as the benefits sought are needed to assist with anticipated increasing market construction costs. Please be further advised, but for

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Ms. Lisa Mulligan
November 6, 2023

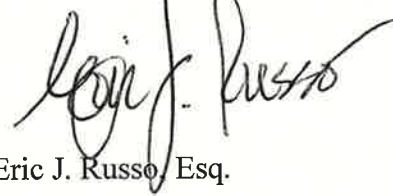
the significant benefit assistance of the IDA, this proposed development may not go forward by the project principals.

Please review, process and schedule this Application for discussion with the Brookhaven Town IDA Board at its next meeting scheduled for November 15, 2023 at 12:30 pm. An economic feasibility study is presently being prepared by National Development Council (NDC) and will be provided to the Brookhaven Town IDA Board for review upon completion of same.

If you should have any further questions or require any additional information, please do not hesitate to contact our office. Thank you.

Very truly yours,

Van Brunt, Juzwiak & Russo, P.C.

A handwritten signature in black ink, appearing to read "Eric J. Russo". The signature is fluid and cursive, with the first name "Eric" and last name "Russo" clearly legible.

Eric J. Russo, Esq.

EJR/tml
Encs.

cc: Mr. Edward M. Slezak, SVP, Ferrandino and Son Development Group, LLC
Mr. Howard Gross, Esq, Agency Counsel for Brookhaven Town IDA
Ms. Annette Eaderesto, Esq., Agency Counsel for Brookhaven Town IDA

Carriage House Project

214 W Main Street, Patchogue NY 11772

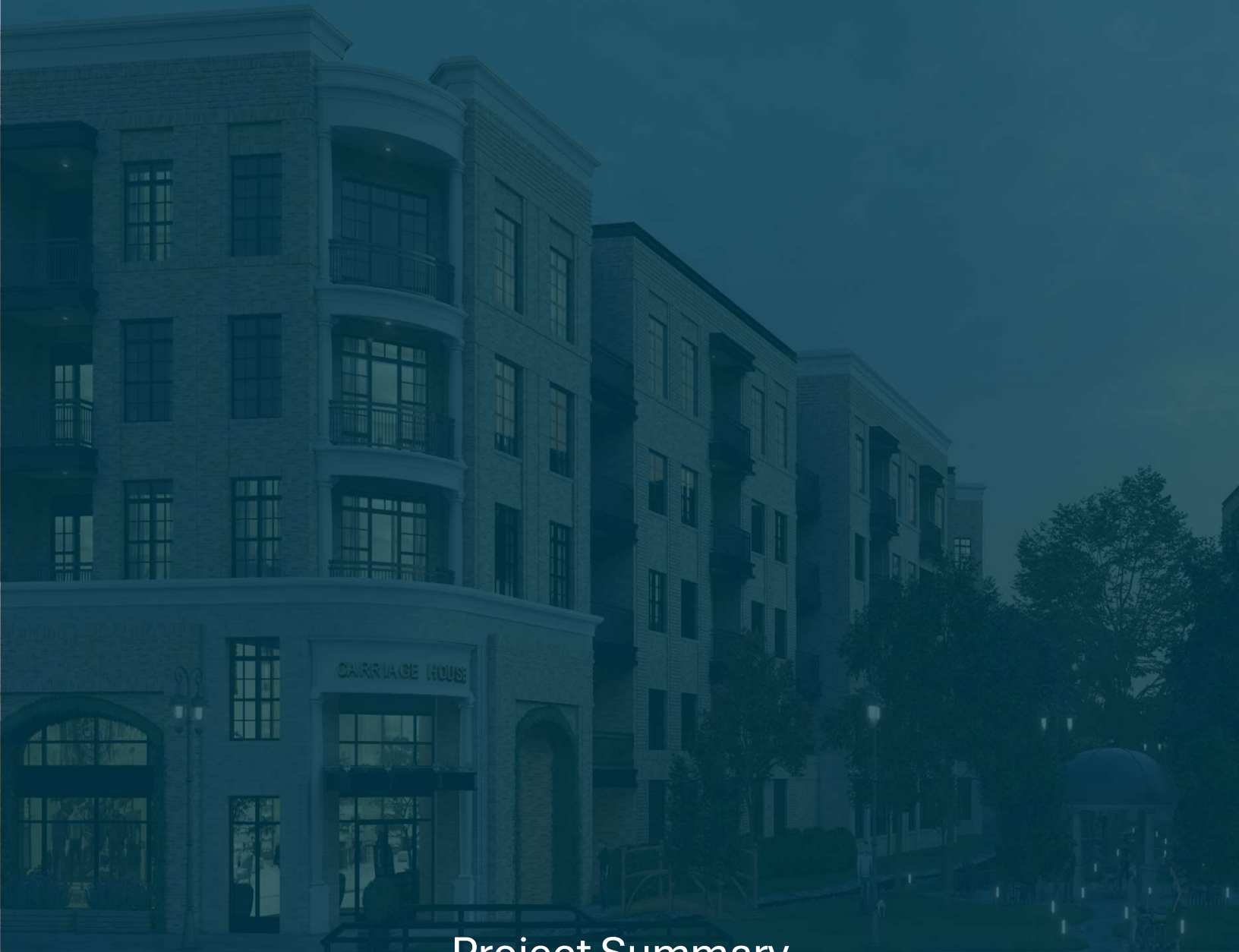
Civic Improvements & Extraordinary Costs

- **River Restoration, Riverwalk & Park Redevelopment** – We plan to clean up and improve the Patchogue River and restore it to its natural state by removing pollutants, debris, and invasive plant species that presently plague the river. In addition to the river clean up, we plan to redevelop a 7,000 square foot Suffolk County Parks parcel located at the front of our site along West Main Street. This parcel will be incorporated into our Riverwalk design which covers the 26,000 square feet area surrounding the river between our buildings. This area will be beautifully landscaped with native plantings, improved with a 6' wide boardwalk running from West Main to Hammond, and accessible to the public, managed by the developer. The total cost associated with this plan is more than \$7M.
- **Sewer Infrastructure** – Our project requires the removal of existing sewer lines that currently run through the site. New lines will be run East along Hammond Street, North on West Ave, and West down West Main Street. The line running West will allow for future development to tap into the upgraded line, encouraging further economic growth within the Village. The overall cost associated with the Sewer Infrastructure is nearly \$7M
- **Carriage House Relocation and Preservation**- the costs associated with the preservation and relocation of the historical Carriage House amounts to over \$3.99M. This work will include the reinforcement and relocation of the structure, restoration of brickwork, incorporation of garage entrance, window and façade restoration, and shell of the office space. This cost does not reflect the fit out of space for the tenant which will be over an additional \$100k.
- **Office Space Donation** – In addition to the relocation and preservation of the Carriage House, the front office space is to be constructed and donated to the Chamber of Commerce. This will be a new storefront space on West Main Street, in a brand-new multifamily development, steps away from downtown and the train station. A conservative estimate for the asking rent at the time of opening is \$50 / SF. Over the course of a 20-yr lease, the value of rent that would have been otherwise collected by the developer plus construction and maintenance, equates to over \$800k.
- **Permits & Fees** – There is a large amount of municipal and permitting fees necessary to construct this project. There are municipal fees from both the Village of Patchogue as well as various departments of Suffolk County & utilities. These fees are non-negotiable and required by the agencies in order to move forward with our project. The total calculated cost of the fees are over \$5M.

These project benefits in total will cost over **\$24M**

NORD

**214 West Main Street,
Patchogue NY 11772**



Project Summary

PROJECT APPROVALS

Acquisition: The site is comprised of 9 separate parcels totaling 4.08 acres at the Village's entrance to Downtown. The Nord team spent the last 8 years aligning all of the land sellers, getting the properties in contract, and curating the development plan to evolve the blighted properties into a regionally transformational area.

Change of Zone: The project is an assemblage of 9 separate parcels. 6 of the parcels had an existing D-2 zoning, allowing for multifamily development. The remaining 3 parcels fell within the E-Industrial Zone. As of February 2024, the E-industrial parcels have been rezoned to D-2 through the approval of the Village Board of Trustees and Suffolk County Planning. This rezone created a unanimous zoning across all parcels, allowing as of right multifamily development on the entirety of the site.

Variances: The project has been granted variances through the Village zoning Board of Appeals Additional story to allow

- A 4th residential floor
- Parking variance to allow 410 spaces where 618 are required
- Parking space dimensions of 9' x 18' rather than 9' x 20'
- Front yard setback variance from 10' to 6.5' for a small portion of Building 1's frontage that will feature the Trolley House façade
- The variance approvals were provided May 2024

Site Plan: Final Site Plan Approval has been granted by the Village Planning Board June 2024.

PROJECT CRITERIA: IDA

The 214 West Main Street project complies with Article 18-A of the New York State General Municipal Law, which governs the actions of IDAs, by fulfilling key public policy goals, as outlined below:

Public Purpose

- The project serves a clear public purpose by addressing housing needs and revitalizing an underutilized property in Patchogue. It provides much-needed mixed-income housing, including 53 units designated for affordable and workforce housing, meeting the community's demand for affordable living options. Additionally, the project will clean and restore the Patchogue River, contributing to environmental sustainability.

Job Creation and Economic Development

- The project will create 310 temporary construction jobs and five permanent jobs, contributing to local employment opportunities.
- The development is expected to generate significant local spending. The inclusion of affordable housing units will also support workforce retention for major regional employers such as NYU Langone, Stony Brook University, and Brookhaven National Laboratory, which have identified the need for housing to support their employees.

Environmental Impact

- The development includes several environmentally beneficial components, including restoring the Patchogue River, removing pollutants, and creating a public riverwalk. This commitment to improving the local environment aligns with the goals of sustainable development.
 - Installing an insulation barrier between parking and residential units to control heat loss and gain
 - Sourcing most building materials from within a 500-mile radius of the site to minimize fuel consumption and fossil fuel fumes
 - Installing 40 KW solar array to provide the electric needs for common areas and parking garage
 - Installing highly reflective white TPO roofing to avoid heat absorption
 - Clean use upzone from historic dirty environmentally unfriendly use
 - Our building will host a bike share program as well as an electric club car shuttle which will transport residents to LIRR Patchogue Train Station, Watch Hill Ferry Terminal and Downtown, reducing the overall numbers of cars on the road

PROJECT CRITERIA: IDA continued

Financial Suitability (included in Grow America's Economic Analysis Report)

- The project has demonstrated through its financial analysis that it would not proceed except for with the financial assistance provided by the IDA.
- High development costs, including extraordinary expenses such as river restoration and public improvements, make the project financially unfeasible without a PILOT agreement, sales tax exemption, and mortgage recording tax relief.

Alignment with Enhanced PILOT Criteria

- As outlined in the IDA's Uniform Tax Exemption Policy (UTEP), in order to be eligible for an enhanced PILOT agreement, market rate housing projects must be located in one of the below listed areas.

The proposed project fits all the following:

- **Community Development Block Grant Area**: Patchogue qualifies as it has received Community Development Block Grant funds and aligns with the Town of Brookhaven's 2023-2027 consolidated plan. The Patchogue Community Development Agency anticipates receiving a total of \$750,000 over the five-year period.
- **Transit-Oriented Development**: The subject site is strategically located less than a half mile (approximately 0.25 miles) from the Patchogue Long Island Railroad Station (LIRR), qualifying it as a transit-oriented development (TOD).
- **Established Downtown**: The subject site is located at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library. It is accessible via the Patchogue Long Island Railroad Station (approximately 0.25 miles), numerous bus stops within a half-mile radius, and a 6-mile drive from MacArthur Airport. It is also located near with several major regional employers, including NYU Langone, Stony Brook University, and Brookhaven National Laboratory.
- **Blighted Area per Town Code**: The project will aid in cleaning up and redeveloping over 4 acres along West Main Street, addressing the currently poor condition per Town Code. The property exceeds the necessary point value of 100 for blight designation, totaling 190 points.
- **Town or Village Planned Development Zone or an Incentive Zoning Program**: The Long Island Regional Planning Council has recognized Downtown Patchogue as a region of significance for redevelopment efforts. The Village has engaged in New York State's Downtown Revitalization Initiative process since February 2017, applying for the West Main Street area. The criteria for DRI funding were fulfilled, but the Village opted to withdraw from the process to retain oversight of their planning.

PROJECT CRITERIA – Transformative Housing

Investment in Main Street Revitalization

- This project is located at the Westerly entrance of Patchogue’s Downtown Main Street. Main Street is a vibrant commercial corridor featuring roughly 60 new restaurants and shops servicing the community and visitors to the Village. The Village has done an incredible job to rejuvenate this area over the past decade, removing blight and introducing economic growth through the introduction of new businesses. Our site currently sits in disrepair and is the last site within the downtown that is considered an eyesore. The project will create over 300 temporary employment opportunities during the construction of the project. These employees will create economic growth opportunities within the Village as they will be customers of the local shops and services during this period. This project will also benefit the future growth of the Village easterly as we will be rerouting and improving the sewer lines down Main Street, allowing for future developments to connect to the upgraded sewer line.

Expansion of Transformative Housing Development Opportunities: This project satisfies all 4 points related to Transformative Housing Developments:

- 1. Repurpose Vacant Office or Industrial Sites
 - This project will be repurposing existing vacant retail, office, and industrial building along Patchogue’s downtown Main Street into Residential Multifamily Housing
- 2. Remove Blight
 - The site is currently blighted by vacant property that has been vandalized by graffiti and broken windows, currently has automobiles parked on site that are in disrepair, and a river that is polluted in need of a cleanup. The removal of the current dirty uses on site will stop any ongoing pollution and be replaced with multifamily housing. According to the Town of Brookhaven’s Code for blighted area criteria, 100 points designate an area s blighted, this site scores 190 points.
- 3. Near Transit or Downtowns
 - The site is designated TOD as it is located at the entrance of Patchogue’s vibrant downtown and is 0.25 miles from the Patchogue Metro North LIRR station.
- 4. Have a Mix of Uses
 - This property will be comprised of mainly residential use but will also feature 540 SF of Office space which will be gifted to the Patchogue Chamber of Commerce, as well as 300 SF of street level retail which will be operated as a grab-and-go concept with refrigerated food and beverage for both the public and residents of the building.

Community Benefits

It is a mission of Nord Development Group to understand the needs and wants of the community within any area that we plan to develop in. Throughout be providing the growth that has occurred in Patchogue over the past ten years, the Village has done an incredible job of maintaining a sense of community through the efforts of the Patchogue Chamber of Commerce promoting local business and public events such as Alive After Five. Our project will be replacing the currently blighted properties and beautifying the streetscape.

Through the development of this site, we will be providing several substantial benefits to the community including:

Patchogue Park & Riverwalk

- We will be cleaning the currently polluted river and restoring it back to its natural state
- We will also be creating a public Riverwalk including a boardwalk area along the river with educational viewing piers containing plaques on the areas history and the wildlife found within the river and surrounding area
- Suffolk County owns a parcel between our buildings that will be revitalized and used as additional park space leading into the Riverwalk. This park area will be maintained and programmed for community events throughout the seasons.
- The total park and riverwalk area will span over 33,000 square feet between both buildings.

Carriage House

- The building located on 214 W Main St holds historical significance within the Village as it is one of the last remaining structures created during the time of the Lace Mill that existed across the street.
- The architecture of this building will be maintained and utilized within our new building, paying homage to the previous historical era of the Village.
- The Carriage House portion of the building will contain 540 SF of office space on the street level of West Main. This office space will be donated to the Patchogue Chamber of Commerce to be used at their discretion.

Sewer Upgrades

- Nord will participate in the rerouting and upgrading of the Village's sewer lines. The upgrades will provide oversized sewer lines for future development to take place further west down Main Street, setting the infrastructure for the future growth of the Village.

Municipal Fees & Taxes

- In order to begin the construction of our project we are required to pay substantial municipal and impact fees to the Village's departments. The development of this site will also greatly increase the tax basis from what the current properties are generating.

NORD

Nord Development Group aims to approach every project with a sustainable outlook. We target to build 214 W Main St to the following standards:

- meet or exceed all energy conservation requirements, as determined by building and energy codes
- Installing an insulation barrier between parking and residential units to control heat loss and gain
- Sourcing most building materials from within a 500-mile radius of the site to minimize fuel consumption and fossil fuel fumes
- Installing 40 KW solar array to provide the electric needs for common areas and parking garage
- Installing highly reflective white TPO roofing to avoid heat absorption
- Blue roof recapturing stormwater to use for irrigation
- Host a bike share program as well as an electric club car shuttle which will transport residents to local train station and downtown areas



BUILDING AMENITIES

Elevated Living

214 West Main Street will offer its residents an elevated lifestyle through the unit features, building amenities, and beautified surroundings of the buildings.

General Building Amenities

Designed with Wellness, Luxury, peace and relaxation in mind, a wealth of amenities make life a little easier and a lot more enjoyable. Lively lobbies, high-tech co-work and co-living spaces, lux billiards, all-day music, fireplaces an inviting library, celebrated views, lush gardens and high-end design create a modern community and interactive hub.

Public / Private Park & Boardwalk

This project will be converting the 6,970 SF (0.16 acres) county owned parcel and the Riverwalk improvement of 25,600 SF (~0.60 acres) to public park space, native planting restoration, and access to the new river walk. A critical component of the landscape architectural intervention for the site is to combine the Building #1 entry plaza with this new public park space. The two uses become woven together and create a soft blur between the public and private space.

The Riverwalk itself will be a 6' wide non-treated elevated hardwood boardwalk (the width is maxed out at 6' per DEC guidelines) that connects the West Main St Plaza all the way thru the river corridor to a potential South Plaza located at the end of Hammond St. The boardwalk will have 'piers' or lookout points every so often for better views of the river itself and for users to experience more intimate, quiet moments. Nord will provide gated access to the boardwalk to limit hours to only a daytime window.

Building Courtyards Amenity

Both building courtyards feature gardens with lush plantings, set against a stream-lined and efficient use of stone paving. The apartment terraces facing the amenity deck level are lined with tiered plantings creating a sense of privacy for both the resident of that unit as well as the users of the amenity area. Stone paving will flow throughout the courtyard with the exception of the hardwood decking around the spa/pool section. Both designs seek to create lush, green spaces tailored to the many programmatic features that are provided for the building's residents.

BUILDING AMENITIES continued

Community Amenities:

Fitness Center, Resort-Style Pool, Cold Plunge, Hot tubs, Golf Simulator, Flex/Yoga Room, Sundeck with Cabanas and Firepits, Gaming Tables, Outdoor Landscaped Terraces, Co-Working Space & Breakout Rooms, Bike Share, Club Car, Outdoor Dining, Chef's Kitchen With Large Formal Dining Room, Botanical Garden Riverwalk With Rain Gardens.

Unit Amenities:

Quartzite Countertops, Shaker Style Cabinets, Glass Shower Enclosures, 9'-12' Ceiling Heights, Stainless Steel Appliance Package, In-Unit Washer Dryer, Smart Thermostats, Professional Kitchens, Built-in Walk-in Closets, Smart Lock Entry & Access, Large Balconies & Patios. Nearly 80% of the units have balconies mostly water facing views whether it be the Patchogue River, Patchogue Lake to the North or Great South Bay to the South.



Project Architecture

214 West Main Street will set the standard for design in Long Island as it displays curbside appeal through its light brick façade, arched lobby entrances, landscaped streetscapes and Riverwalk area. This project aims to elevate the lifestyle of its residents and neighbors through its pleasing aesthetics and community integration, two features that have been absent in most of the recent development on Long Island.



Project Architecture

The Nord team envisioned the building's design and has leaned on its professional team of designers to bring the vision to life. Lessard Design The interior design and amenity decks have been thoughtfully curated by Faulkner Design Group.

- Lessard Design, Inc. is the lead architect providing experienced insight on unit livability and building functionality*
- Faulkner Design Group has thoughtfully curated the interior design and amenity decks, choosing materials, color palettes and furnishings specific to this project*
- LaGuardia Design Group has studied the native plantings of Long Island and implemented these plantings throughout the project's landscaped areas.*



FEASIBILITY STUDY
SUBSTANTIATION OF NEED FOR TOWN OF BROOKHAVEN IDA FINANCIAL ASSISTANCE



Rendering of the Proposed Mixed-Use, Mixed-Income, Transit-Oriented Development

PROJECT APPLICANT AND NAME

Ferrandino and Son Development Group LLC
214 West Main Street Project

LOCATION

214, 210, 200, 192-198, 188 West Main Street
14, 21, 25 Hammond Street
26 West Avenue
Patchogue, NY 11772

PROJECT DESCRIPTION

New Construction of a 262-Unit Mixed-Use, Mixed-Income, Transit-Oriented Development

REQUESTED FINANCIAL ASSISTANCE

Payment in Lieu of Taxes (PILOT)
Sales Tax Exemption on Building Materials and Equipment
Mortgage Recording Tax Exemption

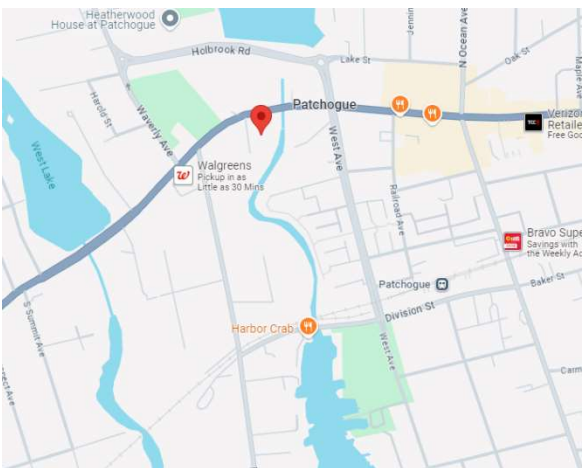
November 15, 2024

I. ASSIGNMENT

Grow America (formerly National Development Council or NDC) is a national not-for-profit economic development organization that provides development finance advisory services to municipalities and public benefit agencies throughout the country. Grow America is often requested to analyze financial structures of proposed developments and determine the appropriateness of financial assistance or incentives. The Town of Brookhaven IDA (the IDA) requested that Ferrandino and Son Development Group LLC and its counsel arrange for the completion of a feasibility report that demonstrates that the tax assistance package requested of the IDA is necessary for the proposed project to be financially feasible. The purpose of this memo is to describe Grow America’s project understandings and findings related to the mixed-use, mixed-income rental housing development at 214 West Main Street.

II. PROJECT SUMMARY

Ferrandino and Son Development Group LLC (the “Applicant” and/or “Developer”) has applied for financial assistance for a proposed mixed-use, mixed-income, transit-oriented development on West Main Street in the Village of Patchogue, Town of Brookhaven. The application requests a sales tax exemption on building materials and equipment, mortgage recording tax exemption, and property tax abatement in the form of a payment in-lieu of taxes (PILOT). The Applicant is owned 100% by Peter Ferrandino, an accomplished Long Island -based contractor and developer. Mr. Ferrandino is the founder and CEO of numerous entities including Ferrandino and Son Inc. and Nord Development Group. In over 30 years of work, Mr. Ferrandino has led Ferrandino and Son through exponential growth and directed its evolution from a regional organization to a nationally recognized company managing over 80,000 properties across the United States. The project lead is Joseph Rossi of Nord Development Group, a senior real estate executive who has successfully led many highly complex, award-winning, transformative mixed-use and mixed-income developments.



Project Location



Satellite Image of Site

The subject site, totaling 4.08 acres, is strategically located less than a half mile from the Patchogue Long Island Railroad Station, qualifying it as a transit-oriented development (TOD). The subject development site consists of 9 properties that presently contain a steel manufacturing building, an auto repair shop, a laundromat, and a custom iron works manufacturing facility called “The Trolley House.” After acquisition

of the properties, the Developer plans to demolish all buildings except for the Trolley House and redevelop the site by constructing two four-story mixed-use buildings totaling 444,000± gross square feet (GSF). The project will include 262 residential units, 300± SF of “grab and go” retail space, 540± SF of office space, a public riverwalk, two parking garages, and additional outdoor parking.

The residential units will feature a mix of studio, one-bedroom, and two-bedroom apartments of various sizes. Of the total units, 209 will be market-rate, while 26 workforce units will be reserved for individuals earning less than 120% of the area median income (AMI) and 27 affordable units will be designated for individuals earning less than 80% of AMI in accordance with the IDA’s Uniform Tax Exemption Policy (UTEP).

Building 1 will feature 154 residential units, along with the proposed retail and office space. The ground floor will include a central courtyard and a pool, situated above a two-level parking garage with 282 spaces. The office space, housed within the refurbished Trolley House and incorporated into the first floor, will reportedly be leased to the Patchogue Chamber of Commerce for \$1 per year as a community benefit.

Building 2 will include 108 residential units and an outdoor courtyard located on the second floor, above a single-level parking garage with 91 spaces. Additionally, 15 surface parking spaces will be created on the west side of Building 1, along with 32 surface parking spaces on the south side of Hammond Street. Altogether, the development will offer parking for 420 vehicles, with 372 spaces in covered structured garages and 48 spaces at surface level.

In addition to the above, the Developer intends to clean up and restore the Patchogue River to its natural state by removing pollutants, debris, and invasive plant species that currently affect the river. The Developer also plans to redevelop the 7,000 SF (0.16 acre) Suffolk County Parks parcel located at the front of the site along West Main Street. This parcel will be integrated into the project’s riverwalk design, which encompasses approximately 26,000 SF surrounding the river between the two buildings. This area will be landscaped with native plants, enhanced with a six-foot-wide boardwalk extending from West Main to Hammond Street, and will be a community benefit accessible to the public and maintained by the Developer.

The project aims to create a high-quality multi-family residential development to meet the growing housing demand in the Village of Patchogue. This design will attract residents seeking alternatives to single-family homes, offering a broader range of housing options. The project aligns with the established land use and development patterns in Patchogue Village, being situated near other multi-family residential developments. It will revitalize a highly underutilized property at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library.

The project will be constructed in two phases. Phase 1, which involves the construction of the western side of the river, is expected to take twenty-four (24) months to complete. Phase 2, focusing on the construction of the eastern side, will begin twelve (12) months after the start of Phase 1 and is also anticipated to take twenty-four (24) months to finish. Altogether, the project is expected to span three (3) years across both phases.

The Applicant is requesting a 20-year property tax abatement through a PILOT agreement. After reviewing the application, Grow America has determined that a 20-year PILOT, including three years of construction, will help establish the project's financial viability. This is because the estimated "as-complete" taxes are very high, making the project infeasible without the assistance requested of the IDA. The longer and steeper abatement schedule is justified by the significant development costs, extraordinary expenses beyond those typical of standard developments, and the substantial civic improvements the Developer has committed to undertaking on-site.

III. PILOT CRITERIA REVIEW

As outlined in Section 7(D)(1)(k) of the IDA's Uniform Tax Exemption Policy (UTEP), applicants for Market Rate Housing Projects must demonstrate "the need for the project, other existing or planned housing projects, the impact on the local taxing jurisdictions, the impact on the local school district and the expected number of children, if any, who are likely to attend the local school district, and demonstrate that the housing project complies with the Act." Grow America has determined the following:

Need for the Project

- The project will eliminate nine (9) blighted parcels and replace them with much-needed market-rate and workforce and affordable rental units.
 - 26 workforce housing units will be reserved for individuals earning less than 120% of AMI and 27 affordable housing units will be designated for individuals earning less than 80% of AMI
- The project will revitalize a highly underutilized property at a prime location within walking distance of downtown Patchogue Village and Long Island Railroad station.
- The project aligns with the established land use and development patterns in Patchogue Village, being situated near other multi-family residential developments.
- The Applicant has engaged in discussions with several major regional employers, including NYU Langone, Stony Brook University, and Brookhaven National Laboratory. These employers have expressed an urgent need for more housing in the area to help address workforce retention challenges.
- The project provides numerous public benefits, including a public riverwalk, community park, and donated office space.
- According to the *Village of Patchogue Economic and Fiscal Impact Analysis Study* (prepared for Long Island Regional Planning Council in 2018), between 2000 and 2017 large residential developments like Copper Beech, Artspace Lofts, and New Village attracted 211 new non-local households, which generated \$10.2 million in economic output.
 - Future projects are expected to continue this trend, with new non-local households further contributing to local spending and job creation.

Existing Housing Projects

- **New Village**
 - Type: Multifamily Rental Building
 - Address: 1 Village Green, Patchogue, NY 11772
 - Developer: Tritec

- Units: 291 units + 62,000 sq. ft. retail & office
- Built: 2014
- Stories: 5
- **River Walk**
 - Type: For Sale Condominiums/Townhouses
 - Address: 72 West Ave, Patchogue, NY 11772
 - Developer: Michael Kelly
 - Units: 163 units
 - Built: Dec 2011
 - Stories: 2.5
- **Heatherwood House at Patchogue**
 - Type: Garden Style Rental Apartments
 - Address: 99 Waverly Ave, Patchogue, NY 11772
 - Developer: Heatherwood
 - Units: 272 units
 - Built: 1965
 - Stories: 2
- **Tiffany Apartments**
 - Type: Multifamily Rental Building
 - Address: 1 Maple Ave, Patchogue, NY 11772
 - Units: 102 units
 - Stories: 5
- **Terry Apartments**
 - Type: Multifamily Rental Building
 - Address: 38 Rider Ave, Patchogue, NY 11772
 - Units: 65 units
 - Built: 1970
 - Stories: 5

Planned Housing Projects

- **238 W Main**
 - Type: Multifamily Rentals
 - Address: 238-254 W Main St, Patchogue, NY 11772
 - Developer: Michael Kelly
 - Units: 26 units
 - Stories: 3
- **Greybarn**
 - Type: Multifamily Rentals
 - Address: 304 E Main St, Patchogue, NY 11772
 - Developer: Rechler Equities
 - Units: 91 units
 - Stories: 3
- **80 Division St (In Construction)**
 - Type: Multifamily Rentals
 - Address: 80 Division St, Patchogue, NY 11772
 - Developer: RAIA 80 LLC

- Units: 16 units
- Stories: 3.5

Impact on Local Taxing Jurisdictions (Quantified in Grow America’s Economic Analysis Report)

- The development of a new multifamily housing project will generate significant annual property tax revenue for local jurisdictions, delivering tangible benefits to the community. The project will enrich the tax base by repositioning currently underutilized properties into higher-value residential buildings, providing a greater stream of recurring revenue. The project's contribution to property tax rolls represents meaningful growth to the jurisdiction's revenue base, while not overburdening municipal services. The added value to the tax base will help distribute the cost of government services across a broader population, easing the burden on existing taxpayers.

Impact on Local School District and Expected Number of Children

- The impact on the local school district and expected number of children is calculated on **Page 8** of this report.
- An estimated nineteen (19) new students will be added to the Patchogue school district from the development
- According to the *Village of Patchogue Economic and Fiscal Impact Analysis* Study, an analysis of seven (7) multi-family residential projects in Patchogue—Copper Beech, Condos on Waverly, Riverview Condos, Bay Village Condos, Artspace Lofts, New Village Apartments, and Riverwalk Condos—revealed a positive fiscal impact on the Patchogue-Medford School District.
 - These projects, which collectively housed 40 public school-age children, generated approximately \$6.6 million in school property tax revenue over a ten-year period, while the estimated educational costs associated with these students totaled just \$1.18 million. This resulted in a net fiscal surplus of \$5.4 million for the school district, demonstrating that the revenue from these developments far exceeded the costs of accommodating the additional students.

General Compliance with Article 18-A of the New York State General Municipal Law (the “Act”)

The 214 West Main Street project complies with Article 18-A of the New York State General Municipal Law, which governs the actions of IDAs, by fulfilling key public policy goals, as outlined below:

- **Public Purpose**
 - The project serves a clear public purpose by addressing housing needs and revitalizing an underutilized property in Patchogue. It provides much-needed mixed-income housing, including 53 units designated for affordable and workforce housing, meeting the community's demand for affordable living options. Additionally, the project will clean and restore the Patchogue River, contributing to environmental sustainability.
- **Job Creation and Economic Development**
 - The project will create 310 temporary construction jobs and five permanent jobs, contributing to local employment opportunities.
 - The development is expected to generate significant local spending. The inclusion of affordable housing units will also support workforce retention for major regional

employers such as NYU Langone, Stony Brook University, and Brookhaven National Laboratory, which have identified the need for housing to support their employees.

- **Environmental Impact**
 - The development includes several environmentally beneficial components, including restoring the Patchogue River, removing pollutants, and creating a public riverwalk. This commitment to improving the local environment aligns with the goals of sustainable development.
- **Financial Suitability (Included in Grow America’s Economic Analysis Report)**
 - The project has demonstrated through its financial analysis that it would not proceed except for with the financial assistance provided by the IDA.
 - High development costs, including extraordinary expenses such as river restoration and public improvements, make the project financially unfeasible without a PILOT agreement, sales tax exemption, and mortgage recording tax relief.
- **Alignment with Enhanced PILOT Criteria**
 - As outlined in Section 7(D)(1)(i) of the IDA’s Uniform Tax Exemption Policy (UTEP), in order to be eligible for an enhanced PILOT agreement, market rate housing projects must be located in one of the following areas: a Community Development Block Grant area, an Opportunity Zone, a revitalization area, a Transit Oriented Development, a Highly Distressed Area (as defined in the Act), an established downtown, a blighted area or parcel of land as per the Town’s Code, or if such Market Rate Housing Project is part of a Town or Village planned development zone or an incentive zoning program. The proposed project fits **all** the following:
 - *Community Development Block Grant Area:* Patchogue qualifies as it has received Community Development Block Grant funds and aligns with the Town of Brookhaven’s 2023-2027 consolidated plan. The Patchogue Community Development Agency anticipates receiving a total of \$750,000 over the five-year period.
 - *Transit-Oriented Development:* The subject site is strategically located less than a half mile (approximately 0.25 miles) from the Patchogue Long Island Railroad Station (LIRR), qualifying it as a transit-oriented development (TOD).
 - *Established Downtown:* The subject site is located at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library. It is accessible via the Patchogue Long Island Railroad Station (approximately 0.25 miles), numerous bus stops within a half-mile radius, and a 6-mile drive from MacArthur Airport. It is also located near with several major regional employers, including NYU Langone, Stony Brook University, and Brookhaven National Laboratory.
 - *Blighted Area per Town Code:* The project will aid in cleaning up and redeveloping over 4 acres along West Main Street, addressing the currently poor condition per Town Code. The property exceeds the necessary point value of 100 for blight designation, totaling 190 points, which is quantified in **Appendix I on Page 9.**

- *Town or Village Planned Development Zone or an Incentive Zoning Program:* The Long Island Regional Planning Council has recognized Downtown Patchogue as a region of significance for redevelopment efforts. The Village has engaged in New York State’s Downtown Revitalization Initiative process since February 2017, applying for the West Main Street area. The criteria for DRI funding were fulfilled, but the Village opted to withdraw from the process to retain oversight of their planning.

IV. STUDENT IMPACT

The Real Estate Institute (REI) at Stony Brook University conducted a study in 2019 that evaluated the impact of residential development on local school districts. REI evaluated fourteen (14) residential developments and surveyed the development residents and local school districts to determine new net students to the school districts. On average, one (1) student per eleven (11) units, or 9.09%, was identified as the impact on public school enrollment from the multi-family projects surveyed.

As it relates to the subject 262-unit development, the 9.09% multiplier against the 262 units results in an estimated nineteen (19) new students being added to the Patchogue school district from the development, as follows.

SCHOOL IMPACT	
Units	262
Less Studios	(49)
Less Senior Units	0
Adjusted Unit Count	213
Multiplier (1 student for every 11 units)	9.09%
Estimated Number of Net New Students	19
<i>Impact of Market Rate Apartments on School District Enrollment, per Real Estate Institute Study at Stony Brook University</i>	

APPENDIX III: Blighted Property Designation

Blighted Property Designation		
§ 88-3 Blighted Property Designation	<--- Town Code Link	Blighted Property = "An improved or vacant property which meets or exceeds a point value of 100 points as set forth within this chapter."
Description	Total Eligible Points	Carriage House Project Points
Determination by Town Attorney that condition is a serious threat to health safety	50	0
Owner Violations Issued	50	0
Property attracted illegal, noxious activity	50	50
Determination of fire hazard by Fire Marshal	50	0
Boarded eindows, doors, entry/exits	5	5
Broken or unsecured windows	10	10
Broken or unsecured doors, entry/exits	10	10
Excessive litter / debris	10	10
Overgrown grass 12 inches or higher	10	10
More than 1 unregistered vehicle	5	5
Broken, unsecured Roof	10	0
Broken, unsecured Gutters	5	5
Broken, unsecured Siding shingles	10	0
Broken, unsecured Chimney	10	0
Broken, unsecured Shutters	5	0
Broken, unsecured accessory structures	15	0
Junk Vehicles (2 pts per vehicle)	2	10
Damaged/unsightly/unsecured signage or awnings	15	0
Presence of graffiti	10	10
Broken outdoor light fixtures	5	5
Broken fencing and gates	10	10
Broken/exposed electrical wires and equipment	15	0
Unfinished construction	20	0
Damaged, dead or fallen trees	10	10
Evidence of unrepaired fire damage	30	0
Peeling paint	5	0
Stagnant water	10	0
Unsecured wells / cesspools	10	0
Presence of Vermin	30	30
Presence of indoor appliances, furniture or equipment in outdoor area	10	10
Lumber/construction materials or debris outdoors	10	0
Totals	497	190



GROW AMERICA DISCLAIMER

Standard disclaimer regarding Grow America's compliance with Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and amended Section 15B of the Securities and Exchange Act of 1934 ("Exchange Act"):

Grow America is not a Registered Municipal Advisor as defined in Dodd-Frank and the Exchange Act and therefore cannot provide advice to a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including structure, timing, terms, or other similar matters concerning such financial products or issues.

The general information contained in this document is factual in nature and consistent with current market conditions and does not contain or express subjective assumptions, opinions, or views, or constitute a recommendation, either express or implied, upon which a municipal entity or obligated person may rely with respect to municipal products or the issuance of municipal securities.

In connection with these matters, it is expressly understood by all parties that Grow America is not acting as your agent, advisor, municipal advisor, or fiduciary. Grow America may have financial and other interests that differ from yours. You should discuss the information contained herein with your own municipal, financial, legal, accounting, tax, and/or other advisors, as applicable, to the extent that you deem appropriate.



71 Carolyn Blvd,
Farmingdale, NY 11735

March 3, 2025

Ms. Lisa M.G. Mulligan, Executive Director
Mr. Frederick Braun, Chairman
Members of the Brookhaven Industrial Development Agency Board
Brookhaven Town Industrial Development Agency
One Independence Hill
Farmingville, New York 11738

Re: "Carriage House"
214 West Main Street, Patchogue, New York 11772

Dear Ms. Mulligan, Mr. Braun and Members of the Brookhaven Town Industrial Development Agency Board:

Ferrandino and Son Development Group LLC would like to express our appreciation for the consideration of an abatement for our project through the Town of Brookhaven Industrial Development Agency. We have reviewed the analysis produced by Camoin dated February 21, 2025 and agree with the report's findings. Below is a synopsis of the report. Furthermore, Grow America, a third party not-for-profit economic development organization, provided advisory based on the Camoin study produced and has prepared the attached response.

- While the Camoin Report does not make recommendations as to a particular PILOT schedule, it does clearly conclude that the analyzed "Standard 15 year PILOT" and the "Deviation 20 Year PILOT" will not meet a key benchmark necessary to make the project financeable:
 - On Page 8 of the Camoin report (attached here), the "Benchmark" Return on Investment is clearly set forth (as highlighted thereon) as a range with a required minimum of 4.72% up to a maximum of 9.6%
 - However, the report (as highlighted thereon) shows that both the analyzed "Standard 15 year PILOT", at 2.72%, and the "Deviation 20 Year PILOT", at 3.95%, **do not meet the market minimum benchmark**. As such these PILOT schedules are not sufficient to make the Project financeable.
- In addition, a bank will not accept a Benchmark of 1.00 DSCR (Debt Service Coverage Ratio**), as shown on the same Page 8 of the report, as it is not a market standard. No banks will lend capital at a 1.00 DSCR.



- Industry standards in today's market are a minimum of 1.35x DSCR. Banks require this to limit risk of exposure.
- The Camoin report demonstrates that both the analyzed “Standard 15 year PILOT”, with DSCR at a 1.15 minimum, and the “Deviation 20 Year PILOT”, with DSCR at a 1.17 minimum, do not meet the market minimum benchmark and as such are not financeable.

** The debt-service coverage ratio (DSCR) measures a firm's available cash flow to pay its current debt obligations

5. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable. Financial performance without assistance (No PILOT), a standard 15-year PILOT, a deviated 20-year PILOT, and a deviated land-only 20-year PILOT were examined. Below are the results of this analysis.

Comparison of Return on Investment					
	<u>20 Years</u>	<u>Standard 15</u>	<u>Deviation 20</u>	<u>20 Year Land</u>	<u>Benchmarks</u>
	<u>No PILOT</u>	<u>Year PILOT</u>	<u>Year PILOT</u>	<u>Only PILOT</u>	<u>(1)</u>
<u>Equity Dividend Rates</u>					
Average	1.56%	2.72%	3.95%	5.88%	4.72%
Minimum	-1.35%	1.70%	1.93%	2.47%	to
Maximum	5.30%	3.68%	6.29%	10.35%	9.6%
Year Benchmarks Met	19	n/a	16	11	
<u>Cash Flow</u>					
Average	\$987,552	\$1,721,787	\$2,497,979	\$3,723,022	
Minimum	(\$856,890)	\$1,073,617	\$1,217,905	\$1,560,736	
Maximum	\$3,355,851	\$2,327,749	\$3,982,496	\$6,545,857	n/a
Cumulative	\$16,788,391	\$20,661,446	\$42,465,642	\$63,291,376	
Year Investment Recouped	n/a	n/a	n/a	20	
<u>Debt Service Coverage</u>					
Average	1.14	1.25	1.35	1.52	1.00
Minimum	0.88	1.15	1.17	1.21	to
Maximum	1.46	1.39	1.54	1.89	1.66
Years Benchmarks Met	10	1	1	1	

(1) Source: RealtyRates for Q4 2024

To address these shortfalls, Grow America is proposing the following alternative, minimally enhanced, PILOT schedule to meet the market Benchmarks per Camoin Report (See attached):

- 20 Year
 - 3 Year Construction period
 - 5 Year Land Only tax is necessary to meet financeable return requirements during first 5 years of operations
 - Abatement in PILOT years 9-20 mirrors the abatement schedule in years 4-15 of the 15 year program in the Camoin Report



PILOT SCHEDULE									
214 W Main Street									
Current Taxes		\$184,361						Starting Abatement	
Improvement Taxes		\$2,029,546						Phase in Period	11
"As Improved" (Full) Taxes		\$2,213,907						Phase in %	9.1%
Units		262							
Estimated Taxes/Unit		\$8,450							
Annual Escalator		2.00%							
PILOT Year	Operating Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment Over Base Taxes	Per Unit
1	Construction	\$184,361	N/A	\$184,361		\$0	\$184,361	\$0	
2	Construction	\$184,361	N/A	\$184,361		\$0	\$184,361	\$0	
3	Construction	\$184,361	N/A	\$184,361		\$0	\$184,361	\$0	
4	1	\$188,048	\$2,025,859	\$2,213,907	100%	(\$2,025,859)	\$188,048	\$0	\$718
5	2	\$191,809	\$2,044,237	\$2,236,046	100%	(\$2,044,237)	\$191,809	\$0	\$732
6	3	\$195,645	\$2,062,761	\$2,258,407	100%	(\$2,062,761)	\$195,645	\$0	\$747
7	4	\$199,558	\$2,081,432	\$2,280,991	100%	(\$2,081,432)	\$199,558	\$0	\$762
8	5	\$203,549	\$2,100,251	\$2,303,801	100%	(\$2,100,251)	\$203,549	\$0	\$777
9	6	\$207,620	\$2,119,218	\$2,326,839	93.75%	(\$1,986,767)	\$340,072	\$132,451	\$1,298
10	7	\$211,773	\$2,138,334	\$2,350,107	87.50%	(\$1,871,042)	\$479,065	\$267,292	\$1,828
11	8	\$216,008	\$2,157,800	\$2,373,608	81.25%	(\$1,753,050)	\$620,558	\$404,550	\$2,369
12	9	\$220,328	\$2,177,016	\$2,397,344	75.00%	(\$1,632,762)	\$764,582	\$544,254	\$2,918
13	10	\$224,735	\$2,196,582	\$2,421,317	68.75%	(\$1,510,150)	\$911,167	\$686,432	\$3,478
14	11	\$229,230	\$2,216,301	\$2,445,531	62.50%	(\$1,385,188)	\$1,060,343	\$831,113	\$4,047
15	12	\$233,814	\$2,236,172	\$2,469,986	56.25%	(\$1,257,847)	\$1,212,139	\$978,325	\$4,626
16	13	\$238,491	\$2,256,195	\$2,494,686	50.00%	(\$1,128,098)	\$1,366,588	\$1,128,098	\$5,216
17	14	\$243,260	\$2,276,372	\$2,519,633	43.75%	(\$995,913)	\$1,523,720	\$1,280,459	\$5,816
18	15	\$248,126	\$2,296,703	\$2,544,829	37.50%	(\$861,264)	\$1,683,565	\$1,435,440	\$6,426
19	16	\$253,088	\$2,317,189	\$2,570,277	31.25%	(\$724,122)	\$1,846,156	\$1,593,068	\$7,046
20	17	\$258,150	\$2,337,830	\$2,595,980	25.00%	(\$584,458)	\$2,011,523	\$1,753,373	\$7,678
		\$3,763,234	\$37,040,053	\$40,803,287		(\$26,005,199)	\$14,798,088	\$11,034,853	
						64% of full taxes	36% of full taxes		
							\$870,476 avg. annually		
							\$3,322 per unit annually		
							4.7 multiplier		

- To address the inquiry regarding the \$7,000,000 gap between the construction loan and the permanent loan please consider the following points:
 - The delta between the construction loan and permanent loan is not profit to the developer. A substantial portion of refinance proceeds will be held in the project as reserves required by the lender (not profit to the developer), and any excess capital will be treated as a conversion of equity to debt. Please note despite a nominal return of capital, majority of equity invested is still outstanding.
 - This is common practice within development as debt is historically cheaper than equity and prevents investors from contributing additional equity to fund lender required reserves.
 - The permanent loan proceeds are a projection, subject to change dependent on the market environment at the time of expiration of the construction loan.
 - Construction loans for development are typically +/-36 month terms.

The feasibility of the project and rates of return for investors are analyzed in the Camoin report. That report demonstrates that without an enhanced, deviated 20 year PILOT, the project is not financeable or feasible.



71 Carolyn Blvd,
Farmingdale, NY 11735

Thank you for your attention in this matter. We look forward to your positive response and to provide any additional information and documentation requested.

Sincerely,

Ferrandino and Son Development Group LLC

A handwritten signature in black ink, appearing to read "Peter Ferrandino", is written over the typed name. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Peter Ferrandino
Chief Executive Officer

TO: Lisa G. Mulligan, Brookhaven Industrial Development Agency

FROM: Keivn F. Gremse *KFG*

DATE: March 3, 2025

RE: Proposed Development at 214 East Street, Patchogue, NY

CC: Joseph Rossi, Ferrandino and Son Development Group
Eric Russo, Esq., VanBrunt, Juzwiak and Russo, PC

I. INTRODUCTION

Grow America (formerly National Development Council or NDC) is a national not-for-profit economic development organization that provides development finance advisory services to municipalities and public benefit agencies throughout the country. Grow America is often requested to analyze financial structures of proposed developments and determine the appropriateness of financial assistance or incentives. The Town of Brookhaven IDA (the IDA) requested that Ferrandino and Son Development Group LLC (“Applicant”) arrange for the completion of a feasibility report that demonstrates that the tax assistance package requested of the IDA is necessary for the proposed project to be financially feasible. Grow America previously submitted its report on its project understandings and findings related to the mixed-use, mixed-income rental housing development at 214 West Main Street. This memo addresses the need for a proposed alternative 20-year PILOT, one that is a deviation from the Uniform Tax Exemption Policy (UTEP) but determined to be necessary to create financial feasibility.

II. PROJECT DESCRIPTION AND CAMOIN REPORT

The project is a +/- \$160.5 million 4.08 acre mixed-use mixed-income development of 320,896 square feet consisting of two four-story buildings with 2 parking garages 262 total residential units and ground floor retail space. It also includes the relocation, renovation, and repurposing of the Trolley Barn Building. To support this project, the Applicant requests financial assistance through a Payment in Lieu of Taxes (PILOT).

Camoin Associates (Camoin) was retained by the IDA to conduct an objective third party review of the project’s assumptions and estimated operating and financial performance in report, “Reasonableness Assessment for Financial Assistance Scenario Comparison.” It outlined three PILOT scenarios.

Scenario 1: Original 15-Year PILOT in accordance with the Agency’s Uniform Tax Exemption Policy (UTEP).

Scenario 2: Deviation 20-year PILOT

Scenario 3: Deviation 20-Year Land Only PILOT

After conducting a thorough financial analysis of the development using the Applicant’s operating pro forma and capital structure, the Camoin analysis measured both cash on cash rate of return (referred to as “equity dividend”) and debt coverage ratio (DCR). It also reports “benchmarks,” for what is considered reasonable, ranging from minimum and maximum, for such metrics.

These metrics are summarized in a copy of the following chart pulled from page of the Camoin report.

5. RATE OF RETURN

An estimated return on investment is calculated using the Applicant's operating pro forma and capital structure. This analysis measures whether the financial assistance is necessary and reasonable. Financial performance without assistance (No PILOT), a standard 15-year PILOT, a deviated 20-year PILOT, and a deviated land-only 20-year PILOT were examined. Below are the results of this analysis:

Comparison of Return on Investment					
	20 Years No PILOT	Standard 15 Year PILOT	Deviated 20 Year PILOT	20 Year Land Only PILOT	Benchmarks (1)
<u>Equity Dividend Rates</u>					
Average	1.56%	2.72%	3.95%	5.88%	4.72%
Minimum	-1.35%	1.70%	1.93%	2.47%	to
Maximum	5.30%	3.68%	6.29%	10.35%	9.6%
Year Benchmarks Met	19	n/a	16	11	
<u>Cash Flow</u>					
Average	\$987,552	\$1,721,787	\$2,497,979	\$3,723,022	
Minimum	(\$856,890)	\$1,073,617	\$1,217,905	\$1,560,736	
Maximum	\$3,355,851	\$2,327,749	\$3,982,496	\$6,545,857	n/a
Cumulative	\$16,788,391	\$20,661,446	\$42,465,642	\$63,291,376	
Year Investment Recouped	n/a	n/a	n/a	20	
<u>Debt Service Coverage</u>					
Average	1.14	1.25	1.35	1.52	1.00
Minimum	0.88	1.15	1.17	1.21	to
Maximum	1.46	1.39	1.54	1.89	1.86
Years Benchmarks Met	10	1	1	1	

(1) Source: RealtyRates for Q4 2024

III. PILOT NEEDED TO CREATE FINANCIAL FEASIBILITY

The Equity Dividend ("cash on cash" rate of return) benchmark range is 4.72% (minimum) to 9.6% (maximum) and the debt coverage ratio (DCR) benchmark range is 1:00:1 (minimum) to 1.86:1 (maximum), per the referenced source, Realty Rates. Camoin reports the metrics but does not make conclusions with respect to financial feasibility under the various PILOT options.

The metrics reported for the second option, i.e., Deviated 20-year PILOT, demonstrate that the project would not meet the investment return standard. The average equity dividend (cash on cash return) during the PILOT term is reported at 3.95%, less than the 4.72% reported minimum return. Moreover, the debt coverage ratios (DCRs) were reported as 1.17:1 in the stabilized year after permanent loan conversion. While greater than a 1.00:1 coverage, the 1:17:1 DCR demonstrates a 17% cushion of net income to debt service and is considered inadequate for most commercial lenders for a large scale mixed-use mixed-income developments like the subject.

Based on all three PILOT scenarios, the economic analysis conducted by Camoin, and the reported standard market benchmarks, the project would not likely be able to attract the requisite debt and equity sources to cover the reported \$160.5 million development costs. Without meeting the required financial benchmarks required by the financial stakeholders, the project would not be able to proceed.

IV. ALTERNATIVE 20-YEAR PILOT

Of the options presented by Camoin, only the "20 Year Land Only PILOT" provides acceptable investor returns and adequate debt coverage ratios (DCR). As the IDA expects to achieve tax revenue growth due to the substantial private investment, an alternative 20-year PILOT schedule is presented for consideration. The alternative 20-year PILOT commences with land-only taxes during the three-year construction period and continues with land-only taxes during the first five years of operations. Following year eight (8) of the

PILOT (year five (5) of operations), the proposed schedule mirrors the phase-in schedule of the “standard 15-year PILOT” scenario.

The proposed schedule is presented in **Exhibit A on page 4**.

The full exemption on improvements for the first five years is considered important to reach required metrics or both the lender and equity investor during the project’s stabilization years.

Even with the alternative 20-year PILOT proposed in **Exhibit A**, the metrics are marginal. Grow America determines that the project slightly meets a minimum debt coverage ratio (DCR) but that the equity metrics, as measured by “yield to cost” and “leveraged internal rate of return,” are less than what the market normally seeks but could be marginally acceptable.

METRICS	WITHOUT PILOT	WITH ALTERNATIVE 20 YEAR PILOT	Market
Debt Coverage Ratio (DCR)	-0.90	1.20	>1.2
Yield to Cost	3.8%	5.1%	> 6%
Internal Rate of Return (IRR)	4%	9%	>10%

The alternative 20-year PILOT schedule is proposed as a means of addressing the project’s enormous financial challenges. Among the project’s challenges are the extraordinary costs of the development, including (a) structured parking costs, (b) civic improvements such as riverwalk improvements and sewage treatment plant, and (c) the relocation / renovation of Trolley Barn Building.

EXHIBIT A: PROPOSED ALTERNATIVE 20-YEAR SCHEDULE

ALTERNATIVE 20 YEAR PILOT SCHEDULE

214 W Main Street

		Starting Abatement							
		Phase In Period	11						
		Phase In %	9.1%						
Current Taxes	\$184,361								
Improvement Taxes	\$2,029,546								
"As Improved" (Full) Taxes	\$2,213,907								
Units	262								
Estimated Taxes/Unit	\$8,450								
Annual Escalator	2.00%								
PILOT Year	Operating Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment Over Base Taxes	Per Unit
1	Construction	\$184,361	N/A	\$184,361		\$0	\$184,361	\$0	\$1,298
2	Construction	\$184,361	N/A	\$184,361		\$0	\$184,361	\$0	\$1,828
3	Construction	\$184,361	N/A	\$184,361		\$0	\$184,361	\$0	\$2,369
4	1	\$188,048	\$2,025,859	\$2,213,907	100%	(\$2,025,859)	\$188,048	\$0	\$3,478
5	2	\$191,809	\$2,044,237	\$2,236,046	100%	(\$2,044,237)	\$191,809	\$0	\$4,047
6	3	\$195,645	\$2,062,761	\$2,258,407	100%	(\$2,062,761)	\$195,645	\$0	\$4,626
7	4	\$199,558	\$2,081,432	\$2,280,991	100%	(\$2,081,432)	\$199,558	\$0	\$5,216
8	5	\$203,549	\$2,100,251	\$2,303,801	100%	(\$2,100,251)	\$203,549	\$0	\$5,816
9	6	\$207,620	\$2,119,218	\$2,326,839	93.75%	(\$1,986,767)	\$340,072	\$132,451	\$6,426
10	7	\$211,773	\$2,138,334	\$2,350,107	87.50%	(\$1,871,042)	\$479,065	\$267,292	\$7,046
11	8	\$216,008	\$2,157,600	\$2,373,608	81.25%	(\$1,753,050)	\$620,558	\$404,550	\$7,678
12	9	\$220,328	\$2,177,016	\$2,397,344	75.00%	(\$1,632,762)	\$764,582	\$544,254	\$8,318
13	10	\$224,735	\$2,196,582	\$2,421,317	68.75%	(\$1,510,150)	\$911,167	\$686,432	\$8,978
14	11	\$229,230	\$2,216,301	\$2,445,531	62.50%	(\$1,385,188)	\$1,060,343	\$831,113	\$9,678
15	12	\$233,814	\$2,236,172	\$2,469,986	56.25%	(\$1,257,847)	\$1,212,139	\$978,325	\$10,418
16	13	\$238,491	\$2,256,195	\$2,494,686	50.00%	(\$1,128,098)	\$1,366,588	\$1,128,098	\$11,198
17	14	\$243,260	\$2,276,372	\$2,519,633	43.75%	(\$995,913)	\$1,523,720	\$1,280,459	\$12,018
18	15	\$248,126	\$2,296,703	\$2,544,829	37.50%	(\$861,264)	\$1,683,565	\$1,435,440	\$12,918
19	16	\$253,088	\$2,317,189	\$2,570,277	31.25%	(\$724,122)	\$1,846,156	\$1,593,068	\$13,878
20	17	\$258,150	\$2,337,830	\$2,595,980	25.00%	(\$584,458)	\$2,011,523	\$1,753,373	\$14,898
		\$3,763,234	\$37,040,053	\$40,803,287		(\$26,005,199)	\$14,798,088	\$11,034,853	

64% of full taxes

36% of full taxes

\$870,476 avg. annually

\$3,322 per unit annually

4.7 multiplier

GROW AMERICA DISCLAIMER

Standard disclaimer regarding Grow America's compliance with Section 975 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Dodd-Frank") and amended Section 15B of the Securities and Exchange Act of 1934 ("Exchange Act"):

Grow America is not a Registered Municipal Advisor as defined in Dodd-Frank and the Exchange Act and therefore cannot provide advice to a municipal entity or obligated person with respect to municipal financial products or the issuance of municipal securities, including structure, timing, terms, or other similar matters concerning such financial products or issues.

The general information contained in this document is factual in nature and consistent with current market conditions and does not contain or express subjective assumptions, opinions, or views, or constitute a recommendation, either express or implied, upon which a municipal entity or obligated person may rely with respect to municipal products or the issuance of municipal securities.

In connection with these matters, it is expressly understood by all parties that Grow America is not acting as your agent, advisor, municipal advisor, or fiduciary. Grow America may have financial and other interests that differ from yours. You should discuss the information contained herein with your own municipal, financial, legal, accounting, tax, and/or other advisors, as applicable, to the extent that you deem appropriate.

FEASIBILITY STUDY
SUBSTANTIATION OF NEED FOR TOWN OF BROOKHAVEN IDA FINANCIAL ASSISTANCE



Rendering of the Proposed Mixed-Use, Mixed-Income, Transit-Oriented Development

PROJECT APPLICANT AND NAME

Ferrandino and Son Development Group LLC
214 West Main Street Project

LOCATION

214, 210, 200, 192-198, 188 West Main Street
14, 21, 25 Hammond Street
26 West Avenue
Patchogue, NY 11772

PROJECT DESCRIPTION

New Construction of a 262-Unit Mixed-Use, Mixed-Income, Transit-Oriented Development

REQUESTED FINANCIAL ASSISTANCE

Payment in Lieu of Taxes (PILOT)
Sales Tax Exemption on Building Materials and Equipment
Mortgage Recording Tax Exemption

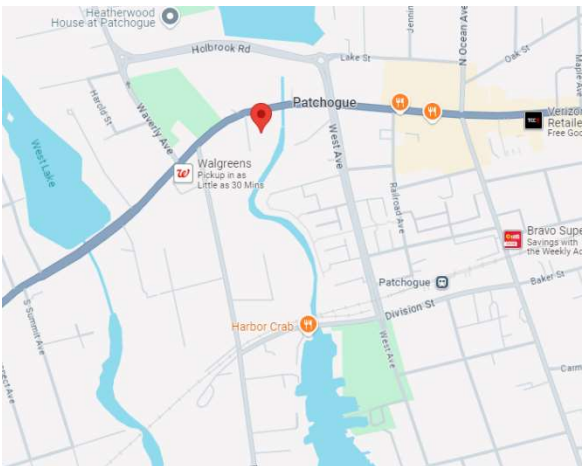
November 15, 2024
[Updated March 11, 2025]

I. ASSIGNMENT

Grow America (formerly National Development Council or NDC) is a national not-for-profit economic development organization that provides development finance advisory services to municipalities and public benefit agencies throughout the country. Grow America is often requested to analyze financial structures of proposed developments and determine the appropriateness of financial assistance or incentives. The Town of Brookhaven IDA (the IDA) requested that Ferrandino and Son Development Group LLC and its counsel arrange for the completion of a feasibility report that demonstrates that the tax assistance package requested of the IDA is necessary for the proposed project to be financially feasible. The purpose of this memo is to describe Grow America’s project understandings and findings related to the mixed-use, mixed-income rental housing development at 214 West Main Street.

II. PROJECT SUMMARY

Ferrandino and Son Development Group LLC (the “Applicant” and/or “Developer”) has applied for financial assistance for a proposed mixed-use, mixed-income, transit-oriented development on West Main Street in the Village of Patchogue, Town of Brookhaven. The application requests a sales tax exemption on building materials and equipment, mortgage recording tax exemption, and property tax abatement in the form of a payment in-lieu of taxes (PILOT). The Applicant is owned 100% by Peter Ferrandino, an accomplished Long Island -based contractor and developer. Mr. Ferrandino is the founder and CEO of numerous entities including Ferrandino and Son Inc. and Nord Development Group. In over 30 years of work, Mr. Ferrandino has led Ferrandino and Son through exponential growth and directed its evolution from a regional organization to a nationally recognized company managing over 80,000 properties across the United States. The project lead is Joseph Rossi of Nord Development Group, a senior real estate executive who has successfully led many highly complex, award-winning, transformative mixed-use and mixed-income developments.



Project Location



Satellite Image of Site

The subject site, totaling 4.08 acres, is strategically located less than a half mile from the Patchogue Long Island Railroad Station, qualifying it as a transit-oriented development (TOD). The subject development site consists of 9 properties that presently contain a steel manufacturing building, an auto repair shop, a laundromat, and a custom iron works manufacturing facility called “The Carriage House.” After acquisition

of the properties, the Developer plans to demolish all buildings except for the Carriage House and redevelop the site by constructing two four-story mixed-use buildings totaling 444,000± gross square feet (GSF). The project will include 262 residential units, 300± SF of “grab and go” retail space, 540± SF of office space, a public riverwalk, two parking garages, and additional outdoor parking.

The project construction will feature a one-level Type 1 concrete and steel superstructure with a poured-in-place podium. Building 1 will include a two-level parking deck, with the second level lined with residential units to conceal the parking structure from the property's facade. Above the concrete podium, four levels of Type 5 wood-frame construction will house the residential portions of the buildings. The facade incorporates a tasteful combination of brick and EIFS, enhancing the property's aesthetic appeal from the street and throughout the development.

Approximately 80% of the units will feature large inset balconies. The building offers an extensive array of amenities, including two pools, two gyms, two lobbies, a pet spa, a lounge bar, and a golf simulator, with nearly 18,000 square feet of total amenity space. Building and amenity renderings are shown in **Appendix VI (Page 23)**.

The residential units will feature a mix of studio, one-bedroom, and two-bedroom apartments of various sizes. Of the total units, 209 will be market-rate, while 26 workforce units will be reserved for individuals earning less than 120% of the area median income (AMI) and 27 affordable units will be designated for individuals earning less than 80% of AMI in accordance with the IDA's Uniform Tax Exemption Policy (UTEP).

Building 1 will feature 154 residential units, along with the proposed retail and office space. The ground floor will include a central courtyard and a pool, situated above a two-level parking garage with 282 spaces. The office space, housed within the refurbished Carriage House and incorporated into the first floor, will reportedly be leased to the Patchogue Chamber of Commerce for \$1 per year as a community benefit.

Building 2 will include 108 residential units and an outdoor courtyard located on the second floor, above a single-level parking garage with 91 spaces. Additionally, 15 surface parking spaces will be created on the west side of Building 1, along with 32 surface parking spaces on the south side of Hammond Street. Altogether, the development will offer parking for 420 vehicles, with 372 spaces in covered structured garages and 48 spaces at surface level.

In addition to the above, the Developer intends to clean up and restore the Patchogue River to its natural state by removing pollutants, debris, and invasive plant species that currently affect the river. The Developer also plans to redevelop the 7,000 SF (0.16 acre) Suffolk County Parks parcel located at the front of the site along West Main Street. This parcel will be integrated into the project's riverwalk design, which encompasses approximately 26,000 SF surrounding the river between the two buildings. This area will be landscaped with native plants, enhanced with a six-foot-wide boardwalk extending from West Main to Hammond Street, and will be a community benefit accessible to the public and maintained by the Developer.

The project aims to create a high-quality multi-family residential development to meet the growing housing demand in the Village of Patchogue. This design will attract residents seeking alternatives to single-family homes, offering a broader range of housing options. The project aligns with the established

land use and development patterns in Patchogue Village, being situated near other multi-family residential developments. It will revitalize a highly underutilized property at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library.

The project will be constructed in two phases. Phase 1, which involves the construction of the western side of the river, is expected to take twenty-four (24) months to complete. Phase 2, focusing on the construction of the eastern side, will begin twelve (12) months after the start of Phase 1 and is also anticipated to take twenty-four (24) months to finish. Altogether, the construction is expected to span three (3) years across both phases.

The IDA is considering a 17-year property tax abatement through a PILOT agreement. After reviewing the application, Grow America has determined that the proposed 17-year PILOT, including three years of construction, is necessary for financial viability. The "as-complete" taxes, estimated at \$2,213,907 annually (\$8,4350 per unit annually), are very high. With full taxes the project is not feasible. The 17-year schedule is a deviation to the IDA's Uniform Tax Exemption Policy (UTEP). The longer and steeper abatement schedule is justified by the significant development costs. There are numerous extraordinary costs beyond those typical of standard developments, as covered more thoroughly in **Section II and outlined in Appendix III (Pages 18-20)**.

The proposed schedule offers a 100% abatement during the three construction years. The first two years of operations have abatement percentages of 98% and 96%. In operating years 3-14, the abatement percentage will be reduced by 6.25% annually, ending with a 25% abatement in operating year 14.

A detailed breakdown of the proposed PILOT schedule can be found in **Appendix I (Page 16)**.

III. SOURCES & USES

The sources and uses are outlined on the following page. The development budget is \$160.5 million, equal to \$362 per gross square foot and \$613K per unit, both of which are high. The Applicant attributes these high costs to several factors, including steep acquisition costs (\$66K per unit) for land assemblage, elevated interest rates that have doubled the capitalized interest carry during construction, and the significant rise in building material and labor costs. The project parking needs cannot be accommodated with surface lots; the structured parking garages add approximately \$15 million to the budget. The Applicant highlights substantial extraordinary expenses, including \$4.8 million for sewer infrastructure, \$7.0 million for the rehabilitation of the surrounding river area and the construction of a public riverwalk, and \$4.0 million for the preservation of the historic Carriage House. The latter will be donated to the Patchogue Village Chamber of Commerce to support local economic development and benefit the community. These costs are outlined in more detail by the Applicant in **Appendix III (Pages 18 – 20)**.

The Applicant intends to finance the project primarily through a fairly traditional capital structure of debt (60% of cost) and equity (40% of cost) for a complex mixed-use mixed-income development. The Applicant also has applied for approximately \$1 million from the Suffolk County Workforce Housing Fund to subsidize the residential units priced at less than 80% of area median income.

To address the difference between the construction and permanent financing, the \$7 million gap between the construction and permanent loan is not profit for the developer. Most refinance proceeds are retained in the project as lender-required reserves, with any excess converting equity to debt. This is a common industry practice since debt is cheaper than equity, limiting the need for additional investor contributions. The final permanent loan amount is subject to market conditions at the time of conversion, and construction loans typically have terms of around 36 months. The developer would like to convert to construction loan (\$96.3 million) to a higher permanent loan (\$103.4 million) after it reaches stabilization, however; the permanent loan amount will be subject to market conditions at the time of conversion and all metrics must be achieved for converting to a larger amount.

SOURCES & USES				
USES OF FUNDS	\$	Per Unit	Per GSF	%
Property Acquisition Cost	\$17,350,000	\$66,221	\$39	11%
Closing and bank fees	\$233,240	\$890	\$1	0%
Insurance	\$3,438,500	\$13,124	\$8	2%
Legal fees	\$841,500	\$3,212	\$2	1%
Required interest reserves or escrows	\$5,851,287	\$22,333	\$13	4%
Other (excess parcel tax; transfer tax; RE Tax)	\$488,278	\$1,864	\$1	0%
Total Acquisition & Transaction Costs	\$28,202,805	\$107,644	\$64	18%
<i>Hard Costs</i>				
Building demolition and construction	\$75,004,331	\$286,276	\$169	47%
Site work (paving, etc.)	\$22,095,000	\$84,332	\$50	14%
Infrastructure (sewer, e.g.)	\$6,691,573	\$25,540	\$15	4%
Amenities/FF&E	\$1,327,000	\$5,065	\$3	1%
<i>Soft Costs</i>				
Architecture and engineering fees	\$3,752,821	\$14,324	\$8	2%
Marketing & Dev Fee (3%)	\$5,622,462	\$21,460	\$13	4%
Permits, inspections	\$5,216,212	\$19,909	\$12	3%
Other (Financing Fees; Operating Deficit; Contingency)	\$12,616,996	\$48,156	\$28	8%
Total Construction Costs	\$132,326,395	\$505,063	\$298	82%
Total Project Costs	\$160,529,200	\$612,707	\$362	100%
SOURCES OF FUNDS *				
	Construction \$	%	Perm \$	%
Private Mortgage	\$96,317,520	60%	\$103,434,000	64%
Suffolk County Workforce Fund	\$945,000	1%	\$945,000	1%
Equity	\$63,266,680	39%	\$56,150,200	35%
Total	\$160,529,200	100%	\$160,529,200	100%
<i>* GA assumes the permanent loan sized at same amount as construction loan as metrics do not support the larger amount.</i>				

Grow America's analysis does not assume the \$7 million gap. Instead, GA assumes conversion to permanent debt as the same amount as the construction loan, as the lender ratios are still tight assuming the lower construction loan amount. This further supports the need for a 17-year PILOT, as the project would not be sustainable when factoring in the conversion to the higher permanent loan amount. This means the project would not be hitting the required debt coverage ratios (DCR) when calculating debt

service on the \$103.4 million loan. From a lending standpoint, the permanent lender would not convert to the higher dollar amount, as the required DCR metrics would not be met.

IV. SUMMARIZED BENEFITS PACKAGE

The Applicant obtained estimated “as complete” tax assessments from the respective assessor offices of the Village of Patchogue and the Town of Brookhaven. The estimated as complete tax for the proposed development is \$2,213,907 annually, equivalent to over \$8,450 per unit. Grow America used these assessments and resulting taxes in its analysis. The Tax Benefit Summary below includes the PILOT as proposed as part of this analysis, the estimated sales tax exemption on building materials and equipment, and mortgage recording tax exemption.

IDA TAX BENEFITS			
IDA RELATED PROPERTY TAXES		SALES TAX EXEMPTION	
Current Taxes	\$184,361	Construction Hard Cost	\$103,790,904
Starting PILOT	\$184,361	Value of Building Materials*	50% \$51,895,452
Tax Savings Over Term	\$23,733,953	Sales Tax	8.630%
PILOT Payments Over Term	\$11,630,860	Value of Exemption	\$4,478,578
Average PILOT Payments Over Term	\$830,776		
Multiplier Over Current Taxes	4.5 X	FF&E	\$1,327,000
		Sales Tax	8.630%
		Value of Exemption	\$114,520
		Total Sales Tax Exemption	\$4,593,098
MORTGAGE RECORDING TAX		FINANCIAL ASSISTANCE SUMMARY	
Mortgage	\$103,434,000	Real Estate Tax Savings Over PILOT Term	\$23,733,953
Mortgage Recording Tax	1.05%	Mortgage Recording Tax Savings	\$775,755
Transit District Exclusion	-0.30%	Sales Tax Exemption	\$4,593,098
Mortgage Recording Tax Savings	0.75%	IDA Financial Incentive Package	\$29,102,806
Value of Exemption	\$775,755		
		Total Project Cost	\$160,529,200
		Benefits as a % of Total Project Cost	18%

The analysis reflects the 17-year proposed PILOT schedule. Grow America has reviewed the development program, as detailed in **Section V**, and concludes that the 17-year PILOT (inclusive of three construction years) is suitable to help meet lender and investor metrics. The PILOT schedule is detailed in **Appendix I (Page 16)**.

Based upon the proposed PILOT schedule, the total project savings from the three level of IDA tax assistance are \$29,102,806, which is approximately 18% of total project costs (\$160,529,200). Grow America typically sees project savings from IDA assistance in New York fall anywhere between 15-25% of total project costs, meaning the assistance for this development is reasonable and within range of assistance for other projects.

V. SUMMARY OF GROW AMERICA ANALYSIS

Grow America based its analysis on the revenue, expense, and costs assumptions provided by the Developer in its IDA application. For consistency with other IDA reviews, Grow America created its pro forma with the following assumptions:

- Projecting market rent growth at 3.0% annually.

- Projecting workforce rent growth at 2.0% annually.
- Projecting expense growth at 2.50% annually
- Projecting the terminal value of the project using a 5.50% capitalization (cap) rate

Rent Roll

The unit mix and proposed rents are shown on the table below. The market rate rents range from \$4.07 per square foot for studio units to \$3.14 per square foot for two-bedroom units and are consistent with the market. The affordable and workforce units are priced for households earning less than 80% and 120% AMI. Of note, the 120% AMI studio and one-bedroom units are priced closer to 100% AMI rent limits.

RENT ROLL							
Unit Description	%	Units	Avg NSF	Total NSF	Mo Rent	Rent/SF	Annual Rent
Market							
Studio	15%	39	682	26,598	\$2,773	\$4.07	\$1,297,764
One Bedroom	43%	112	990	110,880	\$3,498	\$3.53	\$4,701,312
Two Bedroom / Two Bathroom	22%	58	1,326	76,908	\$4,167	\$3.14	\$2,900,232
Workforce (120% AMI)							
Studio	2%	5	628	3,140	\$2,298	\$3.66	\$137,880
One Bedroom	5%	14	816	11,424	\$2,903	\$3.56	\$487,704
Two Bedroom / Two Bathroom	3%	7	1,254	8,778	\$3,990	\$3.18	\$335,160
Affordable (80% AMI)							
Studio	2%	5	606	3,030	\$1,956	\$3.23	\$117,360
One Bedroom	6%	15	776	11,640	\$2,210	\$2.85	\$397,800
Two Bedroom / One Bathroom	1%	2	1,036	2,072	\$2,534	\$2.45	\$60,816
Two Bedroom / Two Bathroom	2%	5	1,254	6,270	\$2,585	\$2.06	\$155,100
Super's Unit							
Two Bedroom	0%	0	0	0	\$0		\$0
Total / Average	100%	262	995	260,740	\$3,369	\$3.38	\$10,591,128
INCOME SUMMARY				UNIT BREAKDOWN			
Market Income	\$8,899,308	\$3,548 avg. rent	209 units	Studio	49	19%	
Workforce Income (120% AMI)	\$960,744	\$3,079 avg. rent	26 units	One Bedroom	141	54%	
Workforce Income (80% AMI)	\$731,076	\$1,965 avg. rent	27 units	Two Bedroom / One Bath	2	1%	
Other Income	\$809,140			Two Bedroom / Two Bath	70	27%	
Total	\$11,400,268			Total	262	100%	

Stabilized Operating Pro Forma

The table on the following page illustrates financial performance with the PILOT in the first stabilized year of operations (Year 3). In addition to high development and operating costs, the development would not be financially feasible without the assistance of the IDA as the estimated full taxes are very high at \$8,791 per unit in the stabilized year. When full taxes are plugged into the operating pro forma in the stabilized year, projected cash flow is negative.

Even with the proposed PILOT schedule, the project is challenged to meet lender and investor thresholds. Returns from the project, even with the proposed PILOT schedule, are quite marginal, with stabilized Yield

to Cost (YTC) at 5.5%. Pre-tax Internal Rates of Return (IRR) is projected to be 8%. In Year 3, the development achieves a debt coverage ratio (DCR) of 1.18, meaning there is only a 18% cushion of net operating income over project debt service. This is a low cushion, as most lenders require at least a 1.20 DCR. Financial challenges lie in high development costs caused by today's economic environment, high operating costs associated with the management of the properties and public spaces maintained by the Developer, and high as-complete taxes between the Village, Town, and County.

STABILIZED OPERATING PRO FORMA (YEAR 3)					
		(1) WITHOUT PILOT		(2) WITH 3RD YEAR PILOT	
	<i>262 units</i>	\$	Per Unit	\$	Per Unit
Market Income	209 units	\$10,423,931	\$4,156 per month		
Workforce Income (120% AMI)	26 units	\$1,103,593	\$3,537 per month		
Workforce Income (80% AMI)	27 units	\$839,777	\$2,592 per month		
Other Income		\$949,798			
Gross Income		\$13,317,099			
Residential Vacancy		(\$742,038)	6.50% vacancy		
Effective Gross Income		\$12,575,061		\$12,575,061	
General Expenses		(\$3,358,806)	\$12,820	(\$3,358,806)	\$12,820
Reserves		(\$74,870)	\$286	(\$74,870)	\$286
RE Taxes/PILOT		(\$2,303,349)	\$8,791	(\$237,799)	\$908
Total Expenses		(\$5,737,025)	\$21,897	(\$3,671,475)	\$14,013
Net Operating Income		\$6,838,036		\$8,903,586	
Debt Service (First Mortgage)		(\$7,567,875)		(\$7,567,875)	
Cash Flow		(\$729,839)		\$1,335,711	
METRICS					Market
Debt Coverage Ratio (DCR)		-0.90		1.18	>1.20
Cash on Cash		-1.2%		2.1%	>4.7%
Yield to Cost		4.3%		5.5%	>6.5%
Internal Rate of Return (IRR)		4%		8%	>10%

Without the proposed financial incentive package and PILOT schedule, the project would not be financially viable, as the Developer would be unable to generate sufficient returns to attract the necessary construction and permanent financing. The proposed PILOT schedule is essential for the project's financial feasibility.

15-Year vs. 17-Year PILOT Comparison

The financial analysis demonstrates that a 17-year PILOT is essential for ensuring the long-term feasibility of the proposed development while maintaining reasonable returns that do not constitute undue enrichment for the applicant.

Under the 15-year PILOT scenario analyzed by Camoin Associates, the projected financial performance falls significantly below *the Camoin-reported industry benchmarks*. The average cash-on-cash return is

2.72%, with a high of 3.68% and a low of 1.70%, compared to industry benchmarks ranging from 4.72% to 9.60%. Additionally, the debt coverage ratio (DCR) under this scenario averages 1.25, with a minimum of 1.15 and a maximum of 1.39—figures that, while above the 1.00 threshold, leave little margin for financial stability, particularly during economic downturns or periods of operational challenges. While the Camoin report presents these financial metrics, it does not provide a specific recommendation regarding the appropriate PILOT term. Additionally, Grow America considers a 1.00 DCR unrealistic, as most lenders require a minimum DCR of 1.20.

15-Year vs 17-Year PILOT Comparison			
	15-Year PILOT (Camoin Study)	17-Year PILOT (Grow America Study)	Camoin Study Benchmarks
<u>Cash-on-Cash</u>			
<u>(Equity Dividend Rates)</u>			
Average	2.72%	3.58%	-
Minimum	1.70%	2.11%	4.72%
Maximum	3.68%	5.05%	9.60%
<u>Debt Service Coverage</u>			
Average	1.25	1.31	-
Minimum	1.15	1.18	1.00
Maximum	1.39	1.42	1.86

Extending the PILOT term to 17 years improves these financial metrics, bringing them closer to sustainable levels. Under this 17-year structure, the projected average cash-on-cash return increases to 3.58%, with a high of 5.05% and a minimum of 2.11%. While this remains on the lower end of the industry benchmark range, it provides a more viable return for investors, making the project financially feasible. Similarly, the DCR improves to an average of 1.31, with a minimum of 1.18 and a maximum of 1.42—enhancing financial strength while remaining within industry standards.

Even with the 17-year PILOT, the project’s returns are not excessive. The adjusted financials allow the project to meet debt obligations and maintain reasonable investor returns, but they do not yield excess profits. Instead, the 17-year PILOT ensures that the project can secure necessary financing, sustain operations, and deliver the intended public benefits, including job creation, increased tax revenue, and economic development.

Without the 17-year PILOT, the financial viability of the project remains uncertain, as the 15-year scenario does not provide a sufficient return to attract and retain investment. Given these considerations, approving the extended PILOT is a necessary step to ensure the project moves forward.

VI. STUDENT IMPACT

The Real Estate Institute (REI) at Stony Brook University conducted a study in 2019 that evaluated the impact of residential development on local school districts. REI evaluated fourteen (14) residential developments and surveyed the residents and local school districts to determine new net students to the school districts. On average, one (1) student per eleven (11) units, or 9.09%, was identified as the impact on public school enrollment from the multi-family projects surveyed.

As it relates to the subject 262-unit development, the 9.09% multiplier against the 262 units results in an estimated nineteen (19) new students being added to the Patchogue school district from the development, as follows.

SCHOOL IMPACT	
Units	262
Less Studios	(49)
Less Senior Units	0
Adjusted Unit Count	213
Multiplier (1 student for every 11 units)	9.09%
Estimated Number of Net New Students	19
<i>Impact of Market Rate Apartments on School District Enrollment, per Real Estate Institute Study at Stony Brook University</i>	

VII. PILOT CRITERIA REVIEW

As outlined in Section 7(D)(1)(k) of the IDA’s Uniform Tax Exemption Policy (UTEP), applicants for Market Rate Housing Projects must demonstrate “the need for the project, other existing or planned housing projects, the impact on the local taxing jurisdictions, the impact on the local school district and the expected number of children, if any, who are likely to attend the local school district, and demonstrate that the housing project complies with the Act.” Grow America has determined the following:

Need for the Project

- The project will eliminate nine (9) blighted parcels and replace them with much-needed market-rate and workforce and affordable rental units.
 - 26 workforce housing units will be reserved for individuals earning less than 120% of AMI and 27 affordable housing units will be designated for individuals earning less than 80% of AMI.
- The project will revitalize a highly underutilized property at a prime location within walking distance of downtown Patchogue Village and Long Island Railroad station.
- The project aligns with the established land use and development patterns in Patchogue Village, being situated near other multi-family residential developments.
- The Applicant has engaged in discussions with several major regional employers, including NYU Langone, Stony Brook University, and Brookhaven National Laboratory. These employers have expressed an urgent need for more housing in the area to help address workforce retention challenges.
- The project provides numerous public benefits, including a public riverwalk, community park, and donated office space.
- According to the *Village of Patchogue Economic and Fiscal Impact Analysis Study* (prepared for Long Island Regional Planning Council in 2018), between 2000 and 2017 large residential developments like Copper Beech, Artspace Lofts, and New Village attracted 211 new non-local households, which generated \$10.2 million in economic output.
 - Future projects are expected to continue this trend, with new non-local households further contributing to local spending and job creation.

Existing Housing Projects

- **New Village**
 - Type: Multifamily Rental Building
 - Address: 1 Village Green, Patchogue, NY 11772
 - Developer: Tritec
 - Units: 291 units + 62,000 sq. ft. retail & office
 - Built: 2014
 - Stories: 5
- **River Walk**
 - Type: For Sale Condominiums/Townhouses
 - Address: 72 West Ave, Patchogue, NY 11772
 - Developer: Michael Kelly
 - Units: 163 units
 - Built: Dec 2011
 - Stories: 2.5
- **Heatherwood House at Patchogue**
 - Type: Garden Style Rental Apartments
 - Address: 99 Waverly Ave, Patchogue, NY 11772
 - Developer: Heatherwood
 - Units: 272 units
 - Built: 1965
 - Stories: 2
- **Tiffany Apartments**
 - Type: Multifamily Rental Building
 - Address: 1 Maple Ave, Patchogue, NY 11772
 - Units: 102 units
 - Stories: 5
- **Terry Apartments**
 - Type: Multifamily Rental Building
 - Address: 38 Rider Ave, Patchogue, NY 11772
 - Units: 65 units
 - Built: 1970
 - Stories: 5

Planned Housing Projects

- **238 W Main**
 - Type: Multifamily Rentals
 - Address: 238-254 W Main St, Patchogue, NY 11772
 - Developer: Michael Kelly
 - Units: 26 units
 - Stories: 3
- **Greybarn**
 - Type: Multifamily Rentals
 - Address: 304 E Main St, Patchogue, NY 11772
 - Developer: Rechler Equities
 - Units: 91 units

- Stories: 3
- **80 Division St (In Construction)**
 - Type: Multifamily Rentals
 - Address: 80 Division St, Patchogue, NY 11772
 - Developer: RAIA 80 LLC
 - Units: 16 units
 - Stories: 3.5

Impact on Local Taxing Jurisdictions (Quantified in Grow America’s Economic Analysis Report)

- The development of a new multifamily housing project will generate significant annual property tax revenue for local jurisdictions, delivering tangible benefits to the community. The project will enrich the tax base by repositioning currently underutilized properties into higher-value residential buildings, providing a greater stream of recurring revenue. The project's contribution to property tax rolls represents meaningful growth to the jurisdiction's revenue base, while not overburdening municipal services. The added value to the tax base will help distribute the cost of government services across a broader population, easing the burden on existing taxpayers.

Impact on Local School District and Expected Number of Children

- The impact on the local school district and expected number of children is calculated on **Page 9** of this report.
- An estimated nineteen (19) new students will be added to the Patchogue school district from the development.
- According to the *Village of Patchogue Economic and Fiscal Impact Analysis Study*, an analysis of seven (7) multi-family residential projects in Patchogue—Copper Beech, Condos on Waverly, Riverview Condos, Bay Village Condos, Artspace Lofts, New Village Apartments, and Riverwalk Condos—revealed a positive fiscal impact on the Patchogue-Medford School District.
 - These projects, which collectively housed 40 public school-age children, generated approximately \$6.6 million in school property tax revenue over a ten-year period, while the estimated educational costs associated with these students totaled just \$1.18 million. This resulted in a net fiscal surplus of \$5.4 million for the school district, demonstrating that the revenue from these developments far exceeded the costs of accommodating the additional students.

General Compliance with Article 18-A of the New York State General Municipal Law (the “Act”)

The 214 West Main Street project complies with Article 18-A of the New York State General Municipal Law, which governs the actions of IDAs, by fulfilling key public policy goals, as outlined below:

- **Public Purpose**
 - The project serves a clear public purpose by addressing housing needs and revitalizing an underutilized property in Patchogue. It provides much-needed mixed-income housing, including 53 units designated for affordable and workforce housing, meeting the community's demand for affordable living options. Additionally, the project will clean and restore the Patchogue River, contributing to environmental sustainability.
- **Job Creation and Economic Development**

- The project will create 310 temporary construction jobs and five permanent jobs, contributing to local employment opportunities.
- The development is expected to generate significant local spending. The inclusion of affordable housing units will also support workforce retention for major regional employers such as NYU Langone, Stony Brook University, and Brookhaven National Laboratory, which have identified the need for housing to support their employees.
- **Environmental Impact**
 - The development includes several environmentally beneficial components, including restoring the Patchogue River, removing pollutants, and creating a public riverwalk. This commitment to improving the local environment aligns with the goals of sustainable development.
- **Financial Suitability**
 - The project has demonstrated through its financial analysis that it would not proceed except for with the financial assistance provided by the IDA.
 - High development costs, including extraordinary expenses such as river restoration and public improvements, make the project financially unfeasible without a PILOT agreement, sales tax exemption, and mortgage recording tax relief.
- **Alignment with Enhanced PILOT Criteria**
 - As outlined in Section 7(D)(1)(i) of the IDA's Uniform Tax Exemption Policy (UTEP), in order to be eligible for an enhanced PILOT agreement, market rate housing projects must be located in one of the following areas: a Community Development Block Grant area, an Opportunity Zone, a revitalization area, a Transit Oriented Development, a Highly Distressed Area (as defined in the Act), an established downtown, a blighted area or parcel of land as per the Town's Code, or if such Market Rate Housing Project is part of a Town or Village planned development zone or an incentive zoning program. The proposed project fits all the following:
 - *Community Development Block Grant Area:* Patchogue qualifies as it has received Community Development Block Grant funds and aligns with the Town of Brookhaven's 2023-2027 consolidated plan. The Patchogue Community Development Agency anticipates receiving a total of \$750,000 over the five-year period.
 - *Transit-Oriented Development:* The subject site is strategically located less than a half mile (approximately 0.25 miles) from the Patchogue Long Island Railroad Station (LIRR), qualifying it as a transit-oriented development (TOD).
 - *Established Downtown:* The subject site is located at a prime location within walking distance of several key destinations, including retail shops and restaurants in downtown Patchogue Village, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library. It is accessible via the Patchogue Long Island Railroad Station (approximately 0.25 miles), numerous buses stops within a half-mile radius, and a 6-mile drive from MacArthur Airport. It is also located near with several major regional employers, including NYU Langone, Stony Brook University, and Brookhaven National Laboratory.
 - *Blighted Area per Town Code:* The project will aid in cleaning up and redeveloping over 4 acres along West Main Street, addressing the currently

poor condition per Town Code. The property exceeds the necessary point value of 100 for blight designation, totaling 190 points, which is quantified in **Appendix IV (Page 21)**.

- *Town or Village Planned Development Zone or an Incentive Zoning Program:* The Long Island Regional Planning Council has recognized Downtown Patchogue as a region of significance for redevelopment efforts. The Village has engaged in New York State's Downtown Revitalization Initiative process since February 2017, applying for the West Main Street area. The criteria for DRI funding were fulfilled, but the Village opted to withdraw from the process to retain oversight of their planning.

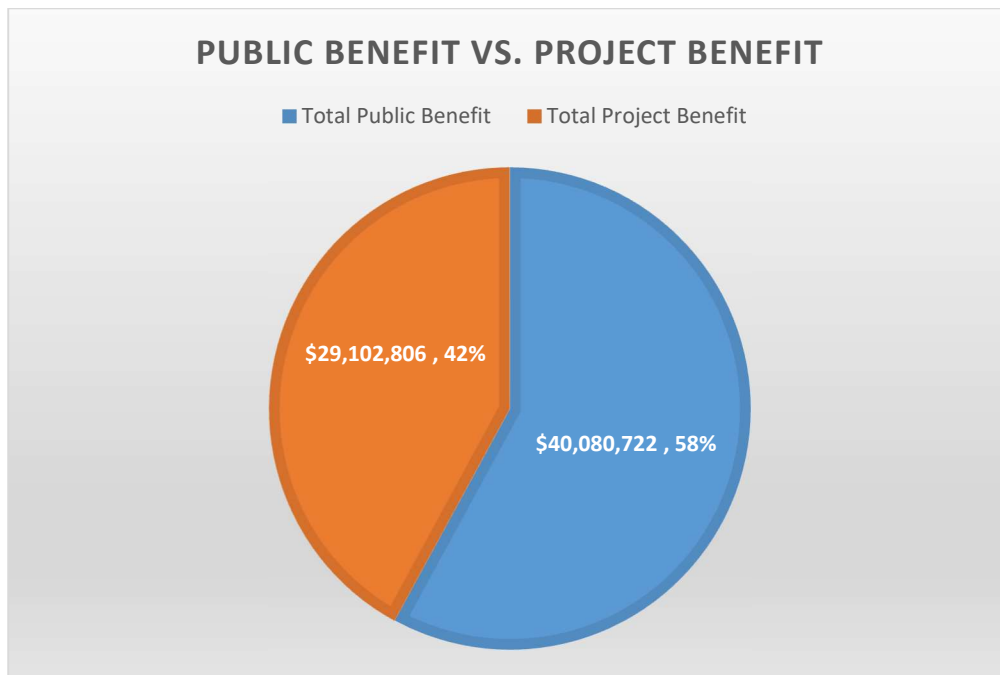
VIII. COST BENEFIT ANALYSIS

The analysis on the following page shows a net positive public value. The public benefit factors the PILOT increment, Town fees, and IDA fees, as well as the values of the fifty-three (53) workforce and affordable housing units, riverwalk improvements, and carriage house preservation and donation. The project benefit factors savings realized from the PILOT, exemption on the mortgage recording tax, and exemption on the sales tax on building materials. In addition to the analysis below, Grow America included a municipal tax collection comparison in **Appendix V (Page 22)**, illustrating projected tax revenue over a 20-year period with and without the proposed development. The analysis estimates an increase of approximately \$16.6 million in new municipal taxes over two decades if the project proceeds, alongside approximately \$28.5 million in public benefits, resulting in a total of approximately \$40 million in public benefits. These benefits are detailed individually **on the following page (Page 15)**.

The Developer will realize \$23,733,953 in savings during the 20-year PILOT term, \$4,593,098 in savings through the sales tax exemption, and \$775,755,381 in savings through the mortgage recording tax exemption. The aggregate PILOT payment is \$11,630,860, an average of \$830,776 annually, a 4.5X multiple over the current taxes. The development will pay approximately \$4,124,995 in reported one-time fees in addition to IDA fees. The additional public benefit is the value attributed to the workforce housing units (\$11.9 million) and the civic improvements (\$11 million) that the developer will undertake at its own cost.

Not captured in the graph are the new jobs to be created and intangible benefits of the proposed project. The Applicant expects 310 temporary construction jobs and five (5) full-time equivalent permanent jobs for the development. The project will maximize land use with an improved mixed-income, mixed-use, and transit-oriented community within walking distance of key destinations, such as downtown Patchogue Village's retail shops and restaurants, Great Patchogue Lake, Blue Point Brewing Company, the YMCA, and the Carnegie Library. Additionally, the aggregate disposable income from the residential base of 262 households, estimated at over \$10 million, will further strengthen the retail base in the continuing evolving market in the Village of Patchogue.

PUBLIC AND PROJECT BENEFIT SUMMARY		ESTIMATED VALUE OF AFFORDABLE HOUSING*	
Full IDA Taxes Over PILOT Term	\$11,630,860	Average Market Rate Rents	\$3,548
Estimated Value of Affordable Housing*	\$11,986,813	Average 120% Workforce Rents	\$3,079
Riverwalk Improvements	\$7,011,960	Delta	\$469
Carriage House Preservation	\$3,993,271	# of Units	26
Carriage House Office Donation	\$806,500	Loss of Annual Income	\$146,347
Town Building Fees	\$4,124,995	Cap Rate	5.50%
IDA Fees	\$526,323	Value of 120% AMI Workforce Units	\$2,660,854
Total Public Benefit	\$40,080,722	Average Market Rate Rents	\$3,548
Tax Savings Over Term	\$23,733,953	Average 80% Affordable Rents	\$1,965
Mortgage Recording Tax Exemption	\$775,755	Delta	\$1,583
Sales Tax Exemption	\$4,593,098	# of Units	27
Total Project Benefit	\$29,102,806	Loss of Annual Income	\$512,928
		Cap Rate	5.50%
		Value of 80% AMI Affordable Units	\$9,325,959
Net Public Benefit	\$10,977,917	Total Value of Affordable / Workforce Units	\$11,986,813



APPENDIX I: PILOT SCHEDULE

PILOT SCHEDULE								
214 W Main Street								
Current Taxes		\$184,361						
Improvement Taxes		\$2,029,546						
"As Improved" (Full) Taxes		\$2,213,907						
Units		262						
Estimated Taxes/Unit		\$8,450						
Annual Escalator		2.00%						
PILOT Year	Operating Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	PILOT	Increment Over Base Taxes
1	Construction	\$184,361	N/A	\$184,361	100.00%	\$0	\$184,361	\$0
2	Construction	\$184,361	N/A	\$184,361	100.00%	\$0	\$184,361	\$0
3	Construction	\$184,361	N/A	\$184,361	100.00%	\$0	\$184,361	\$0
4	1	\$188,048	\$2,025,859	\$2,213,907	98.00%	(\$2,025,859)	\$188,048	\$0
5	2	\$191,809	\$2,066,376	\$2,258,185	96.00%	(\$2,066,376)	\$191,809	\$0
6	3	\$195,645	\$2,107,703	\$2,303,349	93.75%	(\$2,065,549)	\$237,799	\$42,154
7	4	\$199,558	\$2,149,858	\$2,349,416	87.50%	(\$2,063,863)	\$285,553	\$85,994
8	5	\$203,549	\$2,192,855	\$2,396,404	81.25%	(\$2,055,801)	\$340,603	\$137,053
9	6	\$207,620	\$2,236,712	\$2,444,332	75.00%	(\$1,957,123)	\$487,209	\$279,589
10	7	\$211,773	\$2,281,446	\$2,493,219	68.75%	(\$1,853,675)	\$639,544	\$427,771
11	8	\$216,008	\$2,327,075	\$2,543,083	62.50%	(\$1,745,306)	\$797,777	\$581,769
12	9	\$220,328	\$2,373,616	\$2,593,945	56.25%	(\$1,631,861)	\$962,084	\$741,755
13	10	\$224,735	\$2,421,089	\$2,645,824	50.00%	(\$1,513,180)	\$1,132,643	\$907,908
14	11	\$229,230	\$2,469,511	\$2,698,740	43.75%	(\$1,389,100)	\$1,309,641	\$1,080,411
15	12	\$233,814	\$2,518,901	\$2,752,715	37.50%	(\$1,259,450)	\$1,493,265	\$1,259,450
16	13	\$238,491	\$2,569,279	\$2,807,769	31.25%	(\$1,124,059)	\$1,683,710	\$1,445,219
17	14	\$243,260	\$2,620,664	\$2,863,925	25.00%	(\$982,749)	\$1,881,176	\$1,637,915
Total		\$3,003,871	\$32,360,943	\$35,364,813		(\$23,733,953)	\$11,630,860	\$8,626,990
						67% of full taxes	33% of full taxes	
							\$830,776 avg. annually	
							\$3,171 per unit annually	
							4.5 multiplier	

FIRST 3 YEARS OF FULL TAXES								
PILOT Year	Operating Year	Base Taxes	Improvement Taxes	"As Improved" Full Taxes	Abatement	Savings	Taxes Paid	Increment Over Base Taxes
N/A	15	\$248,126	\$2,673,078	\$2,921,203	0.00%	\$0	\$2,921,203	\$2,673,078
N/A	16	\$253,088	\$2,726,539	\$2,979,627	0.00%	\$0	\$2,979,627	\$2,726,539
N/A	17	\$258,150	\$2,781,070	\$3,039,220	0.00%	\$0	\$3,039,220	\$2,781,070
Total Operating Years 15-17		\$759,364	\$8,180,687	\$8,940,050		\$0	\$8,940,050	\$8,180,687



APPENDIX II: Pro Forma

214 W Main Project															
14-YEAR PRO FORMA (PILOT TERM DURING OPERATING YEARS)															
		1	2	3	4	5	6	7	8	9	10	11	12	13	14
Vacancy		6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%	6.0%
Revenue															
Market Income	3.00%	9,825,555	10,120,322	10,423,931	10,736,649	11,058,749	11,390,511	11,732,227	12,084,193	12,446,719	12,820,121	13,204,724	13,600,866	14,008,892	14,429,159
Workforce Income (120% AMI)	2.00%	1,060,739	1,081,954	1,103,593	1,125,665	1,148,178	1,171,142	1,194,564	1,218,456	1,242,825	1,267,681	1,293,035	1,318,896	1,345,274	1,372,179
Workforce Income (80% AMI)	2.00%	807,167	823,310	839,777	856,572	873,703	891,178	909,001	927,181	945,725	964,639	983,932	1,003,611	1,023,683	1,044,157
Other Income	3.00%	895,276	922,134	949,798	978,292	1,007,641	1,037,870	1,069,006	1,101,077	1,134,109	1,168,132	1,203,176	1,239,271	1,276,450	1,314,743
Gross Income		12,588,737	12,947,720	13,317,099	13,697,178	14,088,271	14,490,701	14,904,799	15,330,907	15,769,378	16,220,574	16,684,868	17,162,644	17,654,298	18,160,238
Vacancy		(701,608)	(721,535)	(742,038)	(763,133)	(784,838)	(807,170)	(830,148)	(853,790)	(878,116)	(903,146)	(928,901)	(955,402)	(982,671)	(1,010,730)
Effective Gross Income		11,887,129	12,226,185	12,575,061	12,934,045	13,303,434	13,683,531	14,074,651	14,477,117	14,891,262	15,317,427	15,755,966	16,207,242	16,671,627	17,149,508
Operating Expenses															
General	2.50%	(3,196,960)	(3,276,884)	(3,358,806)	(3,442,776)	(3,528,846)	(3,617,067)	(3,707,493)	(3,800,181)	(3,895,185)	(3,992,565)	(4,092,379)	(4,194,689)	(4,299,556)	(4,407,045)
Reserves	2.50%	(71,262)	(73,044)	(74,870)	(76,741)	(78,660)	(80,626)	(82,642)	(84,708)	(86,826)	(88,996)	(91,221)	(93,502)	(95,839)	(98,235)
PILOT		(188,048)	(191,809)	(237,799)	(285,553)	(340,603)	(487,209)	(639,544)	(797,777)	(962,084)	(1,132,643)	(1,309,641)	(1,493,265)	(1,683,710)	(1,881,176)
Total Expenses		(3,456,270)	(3,541,737)	(3,671,475)	(3,805,070)	(3,948,108)	(4,184,903)	(4,429,680)	(4,682,666)	(4,944,095)	(5,214,205)	(5,493,241)	(5,781,455)	(6,079,105)	(6,386,456)
Net Operating Income		8,430,859	8,684,448	8,903,586	9,128,975	9,355,325	9,498,628	9,644,972	9,794,451	9,947,167	10,103,222	10,262,725	10,425,786	10,592,522	10,763,052
Debt Service (First Mortgage)		(6,501,433)	(6,501,433)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)	(7,567,875)
Cash Flow		1,929,427	2,183,016	1,335,711	1,561,100	1,787,450	1,930,753	2,077,096	2,226,576	2,379,292	2,535,347	2,694,850	2,857,911	3,024,647	3,195,177
Metrics															
DCR (First Mortgage)		1.30	1.34	1.18	1.21	1.24	1.26	1.27	1.29	1.31	1.34	1.36	1.38	1.40	1.42
Cash on Cash		3.05%	3.45%	2.11%	2.47%	2.83%	3.05%	3.28%	3.52%	3.76%	4.01%	4.26%	4.52%	4.78%	5.05%
Yield to Cost		5.25%	5.41%	5.55%	5.69%	5.83%	5.92%	6.01%	6.10%	6.20%	6.29%	6.39%	6.49%	6.60%	6.70%
Valuation Cap Rate	5.50% cap rate														195,691,856
Outstanding Loan Balance															(70,355,197)
Net Sale Proceeds															125,336,658
Equity															
Benefit Stream	(63,266,680)	1,929,427	2,183,016	1,335,711	1,561,100	1,787,450	1,930,753	2,077,096	2,226,576	2,379,292	2,535,347	2,694,850	2,857,911	3,024,647	128,361,305
IRR		8%													

APPENDIX III: Applicant-Submitted Itemized Civic Improvements & Extraordinary Costs
Riverwalk Costs

Construction Bridge	848,000
Erosion Control	177,020
Clearing, Excavation, Backfill, Base Course	1,391,250
Shoring & Dewatering Elevator Pit	275,600
Water, Sewer, Drainage	798,575
Bulkhead New & Repairs	333,900
Retaining Wall	401,635
Steps, Curbs, Sidewalk	456,885
Asphalt	241,600
Decking	1,170,185
Water Feature	79,500
Landscaping & Irrigation	837,810
Total Calculated Cost	7,011,960

Sewer Costs

Abandon / Fill of Existing Sewer	47,560
Trenching Associated w/ existing Sewer	87,799
New Sewer Pipe	1,259,035
Trenching Associated with Installation of Pipe	428,287
OSHA Compliant Shoring for Trench	289,710
Well Points	91,833
Riser Pipe	179,075
Header Pipe	
Demolition existing Sidewalk	97,801
New Sidewalk	385,700
Allowance on Pump Station	
Sewer Odor Mitigation	
Allowance on Soft Cost	230,000
Impact Fee	1,369,500
Application & Inspection Fee	1,300
Floor Area	130,148
LF of Sewer Pipe Installed	475
Permanent Sewer Design	205,000

Total Calculated Cost	4,803,223

Carriage House Preservation Costs

Site Logistics	35,100
General Requirements	295,300
Existing Conditions	918,300
Excavations & Foundations	901,500
Masonry	24,500
Brick	308,800
Structural Steel	37,800
Carpentry, Drywall & Insulation	63,600
Architectural Woodwork	7,500
Roofing	172,800
Doors & Hardware	1,600
Storefronts	84,000
Windows	29,800
Ceramic/ Stone	3,000
Flooring	4,400
Painting	9,600
Specialties	1,200
Kitchen Cabinets & Vanities	2,500
Plumbing	15,000
Plumbing Fixtures	900
HVAC	61,600
Electric	67,200
Light Fixtures	1,400
Construction Contingency	152,370
General Conditions	454,983
Insurance	146,190
Overhead	76,019
Fee	116,309
Total Calculated Cost	3,993,271

Carriage House Office Donation

Turn Key Buildout for Tenant	27,000
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Common Area Maintenance - 20 Year Term	54,000
Rent Valuation - 20 Year Term	725,500
Total Calculated Cost	806,500

Municipal Permits & Fees

Building Permit	1,836,000
Building Permit Renewal Fee	
Commercial Fire Alarm	357
Building & Housing Fee	40,086
Sewer Fees	172,954
Water and Sewer	1,603,440
Certificate of Occupancy	408
Fire Alarm Application Fee	714
3rd Party Special Inspector	255,000
Plan Review Fee	10,200
Pool fee	357
Village Board of Trustees (Change of Zone)	1,020
Village Planning Board (Site Plan)	612
Village Planning Board ZBA - Variance Relief	510
Village Sewer District (Map & Plan Study)	15,300
Suffolk Planning Commission	204
Suffolk Water Authority Tap Fees	66,300
SCDH Wastewater Mgmt Application	5,610
SCDH Board of Review	255
PSEG	102,000
ARB for Design	255
Plan Review Fee	1,020
demo permit	7,140
Sidewalk encumbrance	4,080
Generator	510
Natural Gas	357
Gas fireplaces	306
Total Calculated Fees	4,124,995

APPENDIX IV: Blighted Property Designation

Blighted Property Designation		
§ 88-3 Blighted Property Designation	<--- Town Code Link	Blighted Property = "An improved or vacant property which meets or exceeds a point value of 100 points as set forth within this chapter."
Description	Total Eligible Points	Carriage House Project Points
Determination by Town Attorney that condition is a serious threat to health safety	50	0
Owner Violations Issued	50	0
Property attracted illegal, noxious activity	50	50
Determination of fire hazard by Fire Marshal	50	0
Boarded eindows, doors, entry/exits	5	5
Broken or unsecured windows	10	10
Broken or unsecured doors, entry/exits	10	10
Excessive litter / debris	10	10
Overgrown grass 12 inches or higher	10	10
More than 1 unregistered vehicle	5	5
Broken, unsecured Roof	10	0
Broken, unsecured Gutters	5	5
Broken, unsecured Siding shingles	10	0
Broken, unsecured Chimeny	10	0
Broken, unsecured Shutters	5	0
Broken, unsecured accessory structures	15	0
Junk Vehicles (2 pts per vehicle)	2	10
Damaged/unightly/unsecured signage or awnings	15	0
Presence of graffiti	10	10
Broken outdoor light fixtures	5	5
Broken fencing and gates	10	10
Broken/exposed electrical wires and equipment	15	0
Unfinished construction	20	0
Damaged, dead or fallen trees	10	10
Evidence of unrepaired fire damage	30	0
Peeling paint	5	0
Stagnant water	10	0
Unsecured wells / cesspools	10	0
Presence of Vermin	30	30
Presence of indoor appliances, furniture or equipment in outdoor area	10	10
Lumber/construction materials or debris outdoors	10	0
Totals	497	190

APPENDIX V: Municipal Tax Collection Comparison Over 20 Years

Municipal Tax Collection		
Year	If Project is Built	If Current Properties Remain
1	\$184,361	\$184,361
2	\$184,361	\$188,048
3	\$184,361	\$191,809
4	\$188,048	\$195,645
5	\$191,809	\$199,558
6	\$237,799	\$203,549
7	\$285,553	\$207,620
8	\$340,603	\$211,773
9	\$487,209	\$216,008
10	\$639,544	\$220,328
11	\$797,777	\$224,735
12	\$962,084	\$229,230
13	\$1,132,643	\$233,814
14	\$1,309,641	\$238,491
15	\$1,493,265	\$243,260
16	\$1,683,710	\$248,126
17	\$1,881,176	\$253,088
18	\$2,921,203	\$258,150
19	\$2,979,627	\$263,313
20	\$3,039,220	\$268,579
TOTAL	\$21,123,994	\$4,479,487
Municipal Gain to Tax		\$16,644,507

APPENDIX VI: Additional Renderings



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Ferrandino and Sons Potential PILOT Options

15 Year PILOT		17 Year PILOT	
<u>YEAR</u>	<u>PILOT</u>	<u>YEAR</u>	<u>PILOT</u>
1	\$ 184,361	1	\$ 184,361
2	\$ 188,048	2	\$ 188,048
3	\$ 191,809	3	\$ 191,809
4	\$ 351,713	4	\$ 195,645
5	\$ 517,936	5	\$ 199,558
6	\$ 690,668	6	\$ 351,713
7	\$ 870,102	7	\$ 517,936
8	\$ 1,056,437	8	\$ 690,668
9	\$ 1,249,878	9	\$ 870,102
10	\$ 1,450,633	10	\$ 1,056,437
11	\$ 1,658,919	11	\$ 1,249,878
12	\$ 1,874,955	12	\$ 1,450,633
13	\$ 2,098,970	13	\$ 1,658,919
14	\$ 2,331,196	14	\$ 1,874,955
15	\$ 2,571,870	15	\$ 2,098,970
		16	\$ 2,331,196
		17	\$ 2,571,870