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February 9, 2024

Via email (lmulligan@brookhavenida.org)

Town of Brookhaven Industrial Development Agency
1 Independence Hill, 2nd Floor
Farmingville, NY 11738

Attention: Lisa M.G. Mulligan, Executive Director

***Re: Update to Application for Financial Assistance
AIREF Station Road Logistics Center LLC & AIREF Station Road 2 LLC
Bellport Industrial/Warehouse Project***

Dear Ms. Mulligan:

As you may know, this firm represents AIREF Station Road Logistics Center LLC & AIREF Station Road 2 LLC (collectively “Applicant”) in connection with its proposed construction of four (4) industrial/warehouse buildings, totaling approximately 528,818 sf, to be located at Station Road, between Sunrise Highway and County Route 99, in Bellport (the “Project”).

In February of 2022, the Town of Brookhaven Industrial Development Agency (the “Agency”) formally accepted Applicant’s application for financial assistance for the Project (“Original Application”). Pursuant to the Agency’s recently-enacted policy regarding the expiration of applications, the Agency granted an extension to close on a financial assistance transaction through May 15, 2024.

Consistent with the Agency’s new policy, we are writing to update certain information contained within the Original Application. I have enclosed an updated application (together with the Original Application, the “Application”) on the Agency’s current form.

Changes Since Initial Application

Since the submission of the Original Application, the Project has been going through the Town’s site plan approval process which has resulted in modifications to the plans. While the square footage is similar, there are now four (4) buildings instead of three (3). In addition, economic conditions have significantly worsened. The most impactful change has been the dramatic increase in interest rates and inflation’s effects on construction costs, which have caused the overall Project costs to increase from \$121,392,427 to \$140,138,379, more than a 15% increase. This has affected the financial outlook of the Project. As a result, Applicant has reevaluated the Project budget and the expected Project operations, as well as the financial assistance needed in order to make the Project financially feasible.

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Updates to Requested Financial Assistance

As you can see from the updated Application, increased sales tax exemptions are required as a result of increases in the Project costs. In addition, Applicant is now planning on partially funding the construction of the Project through mortgage financing, so a partial mortgage recording tax exemption is being requested from the Agency.

Applicant is requesting a 15-year PILOT to provide stability going forward for a tenant which will likely want a long-term lease or a lease with multiple extension options, and to offset the increased cost resulting from the rise in interest rates and other Project costs.

FTE

Applicant is willing to commit to 100 full-time equivalent (FTE) jobs at a minimum for the Project, but is optimistic that the actual number may be much larger. There are no identified tenants yet, and Applicant needs the flexibility to bring in tenants willing to commit to the employment covenant. Applicant requests that this covenant not become effective until 2 years from the date of completion (issuance of all certificates of occupancy), to allow a lease-up period and a ramp-up period for tenant to perform any subsequent tenant improvements and hire employees.

Moving Forward

Applicant is eager to move the Project forward with the Agency's assistance. The site plan approval and SEQRA processes are both now complete with the Town of Brookhaven and Applicant is ready to move ahead with Agency in requesting a public hearing and authorizing resolution.

Please consider this letter to form a part of the Application. If you require any further information, feel free to contact me.

Very truly yours,

By:

DANIEL P. DEEGAN