

TOWN OF BROOKHAVEN INDUSTRIAL DEVELOPMENT AGENCY
UNIFORM TAX EXEMPTION POLICY (UTEP)

SECTION 1. PURPOSE AND AUTHORITY. Pursuant to Section 874(4)(a) of Title One of Article 18-A of the New York State General Municipal Law (the “**Act**”), Town of Brookhaven Industrial Development Agency (the “**Agency**”) is required to establish a uniform tax-exemption policy applicable to the provision of any financial assistance to any project. This uniform tax-exemption policy (“**UTEP**”) was adopted pursuant to a resolution enacted by the members of the Agency on June 20, 2012, as amended on October 15, 2014, September 20, 2017, May 13, 2019 and June 17, 2020.

SECTION 2. DEFINITIONS. All words and terms used herein and defined in the Act shall have the meanings assigned to them in the Act, unless otherwise defined herein or unless the context or use indicates another meaning or intent. The following words and terms used herein shall have the respective meanings set forth below, unless the context or use indicates another meaning or intent:

(A) “**Administrative Fee**” shall mean a charge imposed by the Agency to an Applicant or project occupant for the administration of a project.

(B) “**Act**” shall have the meaning assigned thereto in Section 1 of this UTEP.

(C) “**Affected Tax Jurisdiction**” means, with respect to a particular project, the County, the Town, any Village or applicable School District, in which such project is located which will fail to receive real property tax payments or other tax payments which would otherwise be due with respect to such project due to a Tax Exemption obtained by reason of the involvement of the Agency in such project.

(D) “**Affordable Housing Project**” shall have the meaning assigned thereto in Section 7(D)(f) of this UTEP.

(E) “**Agency**” shall have the meaning assigned thereto in Section 1 of this UTEP.

(F) “**Agency Fee**” shall mean the normal charges imposed by the Agency on an Applicant or a project occupant to compensate the Agency for the Agency’s participation in a project pursuant to the Agency’s adopted Fee Schedule. The term “Agency Fee” shall include, but not limited to, not only the Agency’s normal application fee and the Agency’s normal Administrative Fee, but also may include (1) reimbursement of the Agency’s expenses, (2) rent imposed by the Agency for use of the property of the Agency and (3) other similar charges, penalties and interest imposed by the Agency.

(G) “**Applicant**” shall mean an individual or entity who files an application with the Agency to receive financial assistance with respect to a project.

(H) “**Applicant Project**” shall mean a project which is undertaken by the Agency, which complies with the Act and the policies of the Agency, for the benefit of an Applicant which either (1) has been or will be financed by the issuance by the Agency of bonds, notes or other evidences of indebtedness with respect thereto or (2) a straight lease transaction which the Agency has determined to undertake pursuant to the Lease Policy and the Act.

(I) “**Assessor**” shall mean (i) the Assessor of the Town, and (ii) if a project is located in a Village, the Assessor of the Village.

(J) “**Assisted Living Facility**” shall have the meaning assigned thereto in Section 7(D)(g) of this UTEP.

(K) “**County**” shall mean Suffolk County, New York.

(L) “**Exemption Form**” shall have the meaning assigned thereto in Section 7(B) of this UTEP.

(M) “**FTEs**” shall have the meaning assigned thereto in this Section 9(E) of this UTEP.

(N) “**Lease and Project Agreement**” shall mean a Lease and Project Agreement” entered into between and the Agency and an Applicant with respect to a project.

(O) “**Lease Policy**” shall mean the lease policy approved by resolution of the members of the Agency, pursuant to which the Agency set forth the circumstances under which the Agency will consider undertaking a straight-lease transaction.

(P) “**Loss Event**” shall have the meaning assigned thereto in Section 9(F) of this UTEP.

(Q) “**Market Rate Housing Project**” shall have the meaning assigned thereto in Section 7(D)(i) of this UTEP.

(R) “**Municipality**” shall mean the County, the Town and each village located within the Town.

(S) “**Non-Applicant Project**” shall mean a project which is undertaken by the Agency for the benefit of the Agency and shall not include an Applicant Project.

(T) “**Normal Mortgage Tax**” shall have the meaning assigned thereto in Section 5(f) hereof.

(U) “**PILOT Payment**” or “**Payment in Lieu of Tax**” shall mean any payment made to the Agency or an Affected Tax Jurisdiction in lieu of the real property taxes or other taxes which would have been levied by or on behalf of an Affected Tax Jurisdiction with respect to a project but for the Tax Exemption obtained by reason of the involvement of the Agency in such project, but such term shall not include Agency Fees.

(V) “**PILOT Agreement**” shall have the meaning assigned thereto in Section 7(A) of this UTEP.

(W) “**Real Property Tax Abatements**” shall have the meaning assigned thereto in Section 7(D)(i) of this UTEP.

(X) “**Real Property Tax Abatement Savings**” shall have the meaning assigned thereto in Section 9(B)(iii) of this UTEP.

(Y) “**Recapture Event**” shall have the meaning assigned thereto in Section 9(C) of this UTEP.

(Z) “**Recaptured Benefits**” shall have the meaning assigned thereto in Section 9(B) of this UTEP.

(AA) “**Recapture Policy**” shall have the meaning assigned thereto in Section 3(E) this UTEP.

(BB) “**Renewable Energy Systems**” shall have the meaning assigned thereto in Section 66-p of the New York Public Service Law.

(CC) “**Sales Tax Exemption Period**” shall have the meaning assigned thereto in Section 4(B) of this UTEP.

(DD) “**Sales Tax Savings**” shall have the meaning assigned thereto in Section 9(B)(ii) of this UTEP.

(EE) “**School District**” shall mean each school district located within the Town.

(FF) “**Senior Living Facility**” shall have the meaning assigned thereto in Section 7(D)(h) of this UTEP.

(GG) “**Tax Exemption**” shall mean any financial assistance granted to a project which is based upon all or a portion of the taxes which would otherwise be levied and assessed against a project but for the involvement of the Agency in such project.

(HH) “**Town**” shall mean the Town of Brookhaven, New York.

(II) “**UTEP**” shall have the meaning assigned thereto in Section 1 of this UTEP.

(JJ) “**Village**” means any incorporated Village located within the Town.

SECTION 3. GENERAL PROVISIONS.

(A) Policy. The policy of the Agency is to grant Tax Exemptions as hereinafter set forth to (1) any Applicant Project and (2) any Non-Applicant Project, in each case approved by the Agency in accordance with the provisions of the Act and the policies of the Agency. In reviewing applications for financial assistance, the Agency shall take into consideration, review and comply with all requirements and provisions of the Act.

(B) Exceptions. The Agency reserves the right to deviate from such policy in special circumstances. In determining whether special circumstances exist to justify such a deviation, the Agency may consider the magnitude of the deviation sought and the factors which might make the project unusual, which factors might include but not be limited to the following factors: (1) The magnitude and/or importance of any permanent private sector job creation and/or retention related to the proposed project in question; (2) whether the Affected Tax Jurisdictions will be reimbursed by the project occupant if such project does not fulfill the purposes for which Tax Exemption was granted; (3) the impact of such project on existing and proposed businesses or economic development projects; (4) the amount of private sector investment generated or likely to be generated by such project; (5) the estimated value of the Tax Exemptions requested; (6) the extent to which such project will provide needed services and revenues to the Affected Tax Jurisdictions; (7) the effect of the proposed project upon the environment, the extent to which the project will utilize, to the fullest extent practicable and economically feasible, resource conservation, energy efficiency, green technologies, and alternative and renewable energy measures; and (8) if the project is designated blighted as per the Town's Code. In addition, the Agency may consider the other factors outlined in Section 874(4)(a) of the Act.

(C) Application. No request for a Tax Exemption relating to an Applicant Project shall be considered by the Agency unless an application and environmental assessment form are filed with the Agency on the forms prescribed by the Agency pursuant to the Act and the policies of the Agency. Such application shall contain the information requested by the Agency, including a description of the proposed project, the proposed financial assistance being sought with respect to the project, the estimated date of completion of the project, whether such financial assistance is consistent with this UTEP and all other information required by the Act and corresponding rules and regulations. The Agency reserves the right to reject any application that the Board, in its sole discretion, determines (1) does not comply with the Town's Code, Zoning Plan, Land Use plans or Economic Development policy, or (2) the project or the requested Tax Exemptions are not in the best interest of the residents or tax payers of the Town or does not otherwise comply with the Act or any other applicable federal, state or local laws, rules or regulations. As required under the Act, prior to any project receiving benefits from the Agency, the project applicant must establish that the project would not proceed but for the benefits granted by the Agency. The fact that the Agency has accepted an Application or adopted a preliminary inducement resolution with respect to a project, does not mean or imply that the Agency will grant final approval of an Applicant's project or the requested Tax Exemptions.

(D) Public Hearings and Notice to Affected Tax Jurisdictions. No request for approval of an Applicant Project by the Agency which involves the issuance of bonds, notes or other evidences of indebtedness with respect thereto or any other application for Tax Exemptions, or

entering into a Lease and Project Agreement or PILOT Agreement, or the granting of other financial assistance to Project Applicant which may aggregate more than \$100,000 or which involves a proposed deviation from the provisions of this Uniform Tax Exemption Policy, shall be given final approval by the Agency unless and until the Agency: (1) has published a public notice and conducted a public hearing with respect to the location and nature of the project, the issuance of bonds or notes, if applicable, and the Tax Exemptions and other financial assistance to be granted by the Agency to the Project Applicant in accordance with the provisions of Section 859-a of the Act, (2) has sent written notice of said request to each Affected Tax Jurisdiction describing generally the location and nature of the project, the issuance of bonds or notes, if applicable, and the Tax Exemptions and other financial assistance to be granted by the Agency to the Project Applicant and if the request involves a deviation from this UTEP, describing such deviation and the need for such deviation, and (3) has given each Affected Tax Jurisdiction and members of the public a reasonable opportunity, either in writing or in person, to be heard by the Agency with respect to the location and nature of the project and proposed Tax Exemption to be granted to the Applicant in accordance with the Act. With respect to Non-Applicant Projects, the Agency shall comply with the provisions of Section 859-a of the Act, to the extent applicable. In addition, the Agency shall comply with all other notice provisions and public hearing requirements contained in the Act relative thereto.

(E) Recapture of Benefits. In accordance with the Act, the Agency has adopted a recapture policy and requirements (the “**Recapture Policy**”) which is contained in every Lease and Project Agreement and other applicable project documents with respect to Tax Exemptions and other financial assistance granted to the Project Applicant. The Agency’s Recapture Policy is described generally in Section 9 of this UTEP.

SECTION 4. SALES AND USE TAX EXEMPTION.

(A) General. State law provides that purchases of tangible personal property by the Agency or by an agent of the Agency, and purchases of tangible personal property by a contractor for incorporation into or improving, maintaining, servicing or repairing real property of the Agency, are exempt from sales and use taxes imposed pursuant to Article 28 of the Tax Law. In accordance with the Act, the Agency has a policy of abating sales and use taxes applicable (1) only to the initial acquisition, construction, renovation and/or equipping of an Applicant Project and (2) to any Non-Applicant Project. The grant of sales and use tax exemptions by the Agency are subject to the Agency’s Recapture Policy.

(B) Period of Exemption. Except as set forth in subsection (A) above, the period of time for which a sales and use tax exemption shall be effective (the “**Sales Tax Exemption Period**”) shall be determined as follows:

- (1) General. The sales and use tax exemption for an Applicant Project shall be for the Sales Tax Exemption Period commencing no earlier than (i) the date of issuance by the Agency of bonds, notes or other evidences of indebtedness with respect to such project, or (ii) the execution and delivery by the Agency of a Lease and Project Agreement or other document evidencing the sales and use tax exemption relating to such project, and

ending on the date of completion of the project or specific date set by the Agency. The Sales Tax Exemption Period for a Non-Applicant Project shall extend for such period of time as the Agency shall determine.

- (2) Normal Termination. The Sales Tax Exemption Period for an Applicant Project will normally end upon the earlier of (i) completion of the acquisition, construction, renovation and/or equipping of such project, (ii) the specific date set by the Agency or (iii) the date upon which the Applicant has received the benefit of one hundred percent (100%) of the approved sales and use tax exemption regardless of whether the acquisition, construction, renovation and/or equipping of such project has been completed. The Agency and the Applicant shall agree on the estimated date of completion of the project, and the sales and use tax exemption shall cease on the agreed upon date, as stated in the Lease and Project Agreement or other document evidencing the sales and use tax exemption, unless terminated earlier in accordance with the terms of the lease agreement or other document evidencing the exemption.
- (3) Extension of Sales Tax Exemption Period/Increase in Amount. The Chief Executive Officer of the Agency is authorized on behalf of the Agency to approve (i) requests from Applicants regarding the extension of the completion date of its project and the extension of the Sales Tax Exemption Period, and (ii) requests from Applicants regarding an increase of sales and use tax exemptions in an amount not to exceed \$100,000, in connection with the purchase or lease of equipment, building materials, services or other personal property, without the need of approval of the Board of the Agency.
- (4) Items Exempted. The sales and use tax exemption granted by the Agency with respect to an Applicant Project shall extend only to items acquired and installed during the Sales Tax Exemption Period. The sales and use tax exemption shall only apply to the purchase or lease of such items as more particularly described in the Lease and Project Agreement or other such document evidencing the sales and use tax exemption. Such Lease and Project Agreement or other document shall also explicitly describe the items which are not eligible for sales and use tax exemption.
- (5) Percent of Exemption. Unless otherwise determined by resolution of the Agency, the sales and use tax exemption shall be equal to one hundred percent (100%) of the sales and use taxes that would have been levied if the project were not exempt by reason of the Agency's involvement in the project. If an exemption of less than one hundred percent (100%) is determined by the Agency to be applicable to a particular Applicant Project, then the Applicant shall be required to pay a PILOT Payment to the Agency equal to the applicable percentage of sales and use tax liability not being abated. The Agency shall remit such PILOT Payment, within thirty (30)

days of receipt thereof by the Agency, to the Affected Tax Jurisdictions and New York State in accordance with Section 874(3) of the Act.

(C) Lease and Project Agreement. The final act of granting a sales and use tax exemption by the Agency shall be confirmed by the execution by an authorized officer of the Agency of a Lease and Project Agreement or other document entered into by the Agency and the Applicant evidencing such exemption.

(D) Required Filings, Reports and Records. The New York State Department of Taxation and Finance requires that proper forms and supporting materials be filed with a vendor to establish a purchaser's entitlement to a sales and use tax exemption. Additionally, Section 874(8) of the Act requires project occupants and agents of the Agency to annually file with the New York State Department of Taxation and Finance a statement of the value of all sales and use tax exemptions claimed under the Act by the project occupant and/or all agents, subcontractors and consultants thereof. The Applicant's obligation to comply with such requirements shall be more fully described in the Lease and Project Agreement or other such document evidencing the exemption.

SECTION 5. MORTGAGE RECORDING TAX EXEMPTION.

(A) General. The Act provides that mortgages granted by or joined by the Agency and recorded by the Agency or caused to be recorded by the Agency are partially exempt from mortgage recording taxes imposed pursuant to Article 11 of the Tax Law. The Agency has a policy of partially abating mortgage recording taxes in accordance with the Act for the initial financing or any subsequent refinancing for each project with respect to which the Agency grants a mortgage to secure the indebtedness issued by the Agency. In instances where the initial financing commitment provides for a construction financing of the project to be replaced by a permanent financing of the project immediately upon or shortly after the completion of the project, the Agency's policy is to abate the mortgage recording tax on a case-by-case basis on both the construction financing and the permanent financing pursuant to the Act.

(B) Non-Agency Financings. In a straight-lease transaction where the Agency holds title to or has a leasehold interest in the project, the determination to grant mortgage tax abatement(s) for mortgages entered into by the Agency to secure loans or indebtedness incurred by an Applicant to finance the costs of an Applicant Project as provided for in the Lease and Project Agreement, will be made by the Agency on a case-by-case basis in the sole discretion of the Agency. As described in Section (F) below, the Agency may enter into the mortgage even if it has determined not to grant a mortgage recording tax abatement. The policy of the Agency is to consent to the granting of a mortgage and to join in such mortgage, so long as the following conditions are met:

- (1) The documents relating to such proposed mortgage contain the Agency's standard non-recourse and hold harmless language and such other provisions as the Agency may require, as provided to the lender;

- (2) The granting of the mortgage is permitted under any existing documents relating to the project, and any necessary consents relating thereto have been obtained by the project occupant;
- (3) The payment of the Agency Fee relating to same; and
- (4) The granting of such mortgage recording tax exemption is in the best interest of the Agency and in furtherance of the Agency's public purposes in accordance with the Act.

(C) Refinancing. It is the policy of the Agency to abate mortgage recording taxes on any debt issued by the Agency for the purpose of refinancing prior bonds, notes or debt issued by the Agency or loans or indebtedness incurred by an Applicant to finance the costs of an Applicant Project as provided for in the Lease and Project Agreement, or on any modifications, extensions and renewals thereof, so long as the Agency Fees relating to same have been paid and the Applicant is not in default under any agreements with the Agency. Additionally, in the event of a refinancing of a mortgage in connection with a straight-lease transaction to which the Agency granted a mortgage recording tax abatement, it is the policy of the Agency to abate mortgage recording taxes with respect to such refinancing in an amount equal to the outstanding balance secured by the current mortgage. The determination to grant any additional mortgage recording tax abatement on any new indebtedness in connection with such refinancing shall be made by the Agency on a case-by-case basis in the sole discretion of the Agency.

(D) Non-Agency Projects. In the event that the Agency does not hold title to or does not have a leasehold interest in a project, it is the policy of the Agency not to join in a mortgage relating to that project and not to abate any mortgage recording taxes relating to that project.

(E) Exemption Affidavit. The act of granting a mortgage recording tax exemption by the Agency is confirmed by the execution by an authorized officer of the Agency of mortgage recording tax exemption affidavit relating thereto.

(F) Mortgage Recording Tax Payments. If the Agency is a party to a mortgage that is not to be granted a mortgage recording tax exemption by the Agency (a "non-exempt mortgage"), then the Applicant and/or project occupant or other person recording same shall pay the same mortgage recording taxes with respect to same as would have been payable had the Agency not been a party to said mortgage (the "**Normal Mortgage Tax**"). Such mortgage recording taxes are payable to the County Clerk of the County, who shall in turn distribute same in accordance with law. If for any reason a non-exempt mortgage is to be recorded and the Agency is aware that such non-exempt mortgage may for any reason be recorded without the payment of the normal mortgage tax, then the Agency shall prior to executing such non-exempt mortgage collect a payment equal to the normal mortgage tax and remit same within thirty (30) days of receipt by the Agency to the Affected Tax Jurisdictions in accordance with Section 874(3) of the Act.

SECTION 6. REAL ESTATE TRANSFER TAXES.

(A) Real Estate Transfer Tax. Article 31 of the Tax Law provides for the imposition of a tax upon certain real estate transfers. Section 1405(b)(2) of the Tax Law provides that transfers into the Agency are exempt from such tax, and the New York State Department of Taxation and Finance has ruled that transfers of property by the Agency back to the same entity which transferred such property to the Agency are exempt from such tax. The policy of the Agency is not to impose a payment in lieu of tax upon any real estate transfers to or from the Agency.

(B) Required Filings. It shall be the responsibility of the Applicant and/or project occupant to ensure that all documentation necessary relative to the real estate transfer taxes and the real estate transfer gains tax are timely filed with the appropriate officials.

SECTION 7. REAL ESTATE TAX EXEMPTION.

(A) General. Pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, property owned by or under the jurisdiction or supervision or control of the Agency is exempt from general real estate taxes (but not exempt from special assessments and special ad valorem levies). However, it is the policy of the Agency that, notwithstanding the foregoing, every non-governmental project will be required to enter into (i) a Lease and Project Agreement that contains provisions for PILOT Payments or (ii) a standalone payment in lieu of tax agreement acceptable to the Agency (in either case, a “**PILOT Agreement**”). Such PILOT Agreement shall require PILOT Payments in accordance with the provisions set forth below.

(B) PILOT Requirement. Unless the Applicant and/or project occupant and the Agency shall have entered into a PILOT Agreement, the project documents shall provide that the Agency will not file a New York State Department of Taxation and Finance, Division of Equalization and Assessment Form RP-412-a (an “**Exemption Form**”) with the Assessor and each Affected Tax Jurisdiction with respect to the project, and the project documents shall provide that the Applicant and/or the project occupant shall be required to make PILOT Payments in such amounts as would result from taxes being levied on the project by the Affected Tax Jurisdictions as if the project were not owned by or under the jurisdiction or supervision or control of the Agency. The project documents shall provide that, if the Agency and the Applicant and/or project occupant have entered into (i) a Lease and Project Agreement that contains provisions for PILOT Payments or (ii) a standalone PILOT Agreement acceptable to the Agency, the project documents shall provide that the Agency will file an Exemption Form with the Assessor and each Affected Tax Jurisdiction. The terms of the PILOT Agreement shall control the amount of PILOT Payments until the expiration or sooner termination of such PILOT Agreement. Except as otherwise provided by resolution of the Agency, all real estate PILOT Payments are to be paid to the Agency for distribution to the Affected Tax Jurisdictions. Upon expiration of the initial period as aforesaid, the assessment of the project shall revert to a normal assessment (i.e., the project will be assessed as if the project were owned by the Applicant and not by the Agency). Also, any addition to the project shall be assessed normally as aforesaid, unless such addition shall be approved by the Agency as a separate project following notice and a public hearing as described in Section 859-a of the Act. Other than fixing the final assessment for the initial period as aforesaid, the policy of

the Agency is to not provide the Applicant and/or project occupant with any abatement, other than abatements allowed under the Real Property Tax Law.

(C) Required Filings. As indicated in subsection (B) above, pursuant to Section 874 of the Act and Section 412-a of the Real Property Tax Law, no real estate tax exemption with respect to a particular project shall be effective until an Exemption Form is filed with the assessor of each Affected Tax Jurisdiction. Once an Exemption Form with respect to a particular project is filed with a particular Affected Tax Jurisdiction, the real property tax exemption for such project does not take effect until (1) a tax status date for such Affected Tax Jurisdiction occurs subsequent to such filing, (2) an assessment roll for such Taxing Jurisdiction is finalized subsequent to such tax status date, (3) such assessment roll becomes the basis for the preparation of a tax roll for such Affected Tax Jurisdiction, and (4) the tax year to which such tax roll relates commences.

(D) PILOT Agreement. Unless otherwise determined by resolution of the Agency, all PILOT Agreements shall satisfy the following general conditions:

- (1) Real Property Tax Abatement. The Agency provides real property tax abatements (“**Real Property Tax Abatements**”) in the form of reduction of existing taxes and/or freezing existing taxes and/or abating the increased taxes as the result of the project. Except as may described in this UTEP, the Agency’s standard PILOT Agreement will contain fixed PILOT Payments for each tax year throughout the term of the PILOT Agreement as determined by the Agency in its sole discretion. The standard real property tax abatement provided by the Agency is based on the total increased assessment for a project over a ten (10) year period, however, the Agency in its sole discretion may grant a fifteen (15) year PILOT Agreement or grant a five (5) year extension of a ten (10) year PILOT Agreement without such fifteen (15) year term be considered a deviation. As required by the Act, unless otherwise agreed to by the affected taxing jurisdictions, all PILOT Payments must be disbursed by the Agency to the Affected Taxing Jurisdictions in proportion to the amount of real property taxes and other taxes that would have been received by such Affected Taxing Jurisdiction had the project not been tax exempt due to the Act. Each abatement of real property taxes pursuant to a PILOT Agreement is based on a cost benefit analysis to determine if the project is eligible for the standard exemption. In cases where a project does not meet Agency guidelines for the standard exemption, a reduced abatement in terms of percent and/or duration may be extended to the applicant, the amount of such reduced abatement to be dependent on the facts and circumstances of each particular case. The guidelines to determine eligibility for the standard exemption are as follows:

- (a) Industrial, manufacturing, research and development, commercial, warehousing, distribution facilities, retail (subject to retail restrictions in the Act), and corporate office facilities are all eligible for the standard exemption. Speculative office projects may be

eligible for the standard exemption if they are projected to provide economic benefits in terms of jobs, involve significant capital investments in the Town, repurpose existing vacant or nearly vacant buildings, or will stimulate the local economy. The extent to which the project will directly create or retain permanent private sector jobs as well as “temporary” jobs during the construction period are factors that will be considered by the Agency in determining if a project is eligible for a PILOT Agreement. In addition, the level of secondary “multiplier” jobs that will be created or retained as a result of the project will be considered by the Agency. Current policy is to rely on a cost benefit analysis of the project.

- (b) Generally, new jobs created or existing jobs retained by the project should have projected average annual salaries in line with the median per capita income levels on Long Island at the time of application. Projects with low employment numbers may receive reduced benefits. Further, labor intensive industries are viewed favorably. The likelihood that a desirable project will locate in another municipality/region/state, resulting in subsequent real economic losses in the Town, the retention of current jobs at an existing project, and the possible failure to realize future economic benefits for attraction projects are factors that may be considered by the Agency in granting a PILOT Agreement.
- (c) The total amount of capital investment and/or public benefit at the project is a factor that may be considered by the Agency in granting a PILOT Agreement.
- (d) The extent to which a project will further local planning efforts by upgrading blighted areas, create jobs in areas of high unemployment, assist institutions of higher education, provide the opportunity for advanced high-tech growth or diversify the Town’s economic base.
- (e) The effect of the proposed project on the environment and the extent to which the project will utilize, to the fullest extent practicable and economically feasible, resource conservation, energy efficiency, green technologies, and alternative and renewable energy measures.
- (f) For purposes of this UTEP, “**Affordable Housing Projects**” are defined as housing projects (i) utilizing either four percent (4%) Low Income Housing Tax credits AND tax-exempt bonds OR nine percent (9%) Low Income Housing Tax credits, (ii) housing projects that receive funding through the HOME, CDBG or any HUD programs which restricts the income levels of the residents of the housing project by the terms of the funding agreements or a

Regulatory Agreement is recorded against the property restricting the income levels of the residents of the housing project and the rent that may be payable by the residents, (iii) Affordable Housing Projects that receive funding from a federal, State, County, Village or Town agency, entity, program or authority which restricts the income levels of the residents of the housing project by the terms of the funding agreements or records a Regulatory Agreement against the property restricting the income levels of the residents of the Affordable Housing Project or the rent that may be payable by the residents, or (iv) any housing project for which the Agency receives a legal opinion acceptable to the Agency that such housing project qualifies as an Affordable Housing Project under federal or State law. Affordable Housing Projects may be granted a PILOT Agreement for a term of up to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. Alternatively, in the sole discretion of the Agency, a “10% Shelter Rent PILOT” may be used for the PILOT Agreement. The “10% Shelter Rent PILOT” may be for a 10-year term or a 15-year term, at the sole discretion of the Agency, with PILOT Payments set at an annual amount equal to 10% of the total revenues of the Affordable Housing Project minus utilities of the Affordable Housing Project. In order to determine the 10% Shelter Rent PILOT, the revenue and utility information of the Affordable Housing Project will need to be provided by the project Applicant to the Agency in conjunction with the Affordable Housing Project at the time of the Application and thereafter on an annual basis. In the event the Affordable Housing Project is financed by tax exempt bonds or 9% Low Income Housing Tax Credits or the project is subject to a recorded Regulatory Agreement recorded by a Municipality or a governmental entity restricting the income levels of the residents of the housing project and the amount of rent payable by the residents, the PILOT Agreement may, in the sole discretion of the Agency, run concurrently with the term of the bond financing or the term of the Regulatory Agreement or such period as may be required by a state or federal housing agency or authority that is also providing financing or benefits to such project or such lesser period as the Agency shall determine.

- (g) For purposes of this UTEP, “**Assisted Living Facilities**” are defined as facilities licensed or regulated by the State as assisted or enhanced living facilities and may include memory care units or units to care for persons with cognitive or physical disabilities who cannot safely live or care for themselves independently. Assisted Living Facilities may be granted a PILOT Agreement for a term of to 10 to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. However, in the event the Assisted Living Facility

is financed by tax exempt bonds, the PILOT Agreement may run concurrently with the term of the bond financing.

- (h) For purposes of this UTEP, “**Senior Living Facilities**” are defined as independent living facilities which are restricted for residents 55 years of age or older per the Town Code. Senior Living Facilities may be granted a PILOT Agreement for a term of to 10 to 15 years with fixed PILOT Payments to be determined by the Agency in its sole discretion. However, in the event the Senior Living Facility is financed by tax exempt bonds, the PILOT Agreement may run concurrently with the term of the bond financing.

- (i) For Purposes of this UTEP, “**Market Rate Housing Projects**” are defined as all housing projects other than Affordable Housing Projects, Senior Living Facilities or Assisted Living Facilities. Market Rate Housing Projects may be granted a PILOT Agreement for a term of up to 7 years, starting at the current taxes on the land and any existing buildings, structures and improvements on the land and increasing to full taxation at the end of the PILOT Term with PILOT Payments to be determined by the Agency, in its sole discretion. However, Market Rate Housing Projects that are to be wholly located in or substantially located in one of the areas described below, may be eligible to be granted in the Agency’s sole and absolute discretion an enhanced PILOT Agreement for a 13 to 15-year term. The enhanced PILOT Agreement will generally equal land-only taxes for three to five years. The remaining ten years will generally mirror a “double 485-b” exemption. In order to be eligible to receive 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. All Market Rate Housing Projects, regardless of whether it receives an enhanced PILOT Agreement, must comply with the requirements of Section 7(D)(j) below.

- (j) All Market Rate Housing Projects will be required to include a minimum of 10% affordable units and 10% workforce units to be maintained as such for the life of the Lease and Project Agreement. Each of the “affordable” units shall rent at a reduced rent to tenants with an annual income at or below 80% of the median income for the Nassau-Suffolk primary metropolitan statistical area as defined by the Federal Department of Housing and Urban Development.

Each of the “workforce” units shall rent at a reduced rent to tenants with an annual income at or below 120% of the median income for the Nassau-Suffolk primary metropolitan statistical area as defined by the Federal Department of Housing and Urban Development. The project shall enter into a contract with a local not-for-profit housing advocacy group acceptable to the Agency to administer the affordability of the affordable units and the workforce units. This information must be provided to the Agency on an annual basis. Compliance with the above requirements for a minimum of 10% affordable units and a minimum of 10% workforce units will not make a Market Rate Housing Project be considered to be an Affordable Housing Project as defined in Section 7(D)(h) above.

- (k) Approval of all housing projects will be at the sole discretion of the Agency’s Board of Members. For housing projects undertaken, the Agency may engage the services of a consultant to assist the Agency to determine appropriate PILOT Payment levels based upon such relevant factors, including, but not limited to, the total project costs, projected rental income, unit size, number and configuration. All project applicants for Market Rate Housing Projects, Senior Housing Living Facilities, Assisted Living Facilities and Affordable Housing Projects must submit a feasibility study to the Agency demonstrating 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 demonstrating that the housing project complies with the Act.
- (l) Electrical power generating facilities, electrical storage facilities, co-generation facilities, energy transmission lines or facilities, including electrical transmission lines, poles and underground conduits, undersea electrical cables, convertor stations, electrical interconnect facilities, equipment and substations, natural gas pipelines and pumping stations, Renewable Energy Systems, and other energy projects are eligible for PILOT Agreements for a term of ten (10) years up to twenty-five (25) years following the completion of the construction, acquisition, and equipping of the project with fixed PILOT Payments determined by the Agency in its sole discretion and subject to periodic escalation. In determining the PILOT Agreement, the Agency, may consider the total amount of power generated, stored or transmitted by such project and the assessed value of such project.
- (2) Reduction for Failure to Achieve Goals: If the Agency’s approval of a particular project is predicated upon achievement by the project of certain minimum goals (such as creating and maintaining certain minimum

employment levels), the PILOT Agreement may provide for the benefits provided thereby to the project to be reduced or eliminated if, in the sole judgment of the Agency, the project has failed to fulfill such minimum goals.

- (3) Expiration or Termination of PILOT Agreement: Upon expiration of the initial period as aforesaid, the assessment of the project shall revert to a normal assessment (i.e., the project will be assessed as if the project were owned by the Applicant and not by the Agency). Also, any addition to the project shall be assessed normally as aforesaid, unless such addition shall be approved by the Agency as a separate project following notice and a public hearing as described in Section 859-a of the Act. Other than fixing the final assessment for the initial period as aforesaid, the policy of the Agency is to not provide the Applicant and/or project occupant with any abatement, other than abatements allowed under the Real Property Tax Law.
- (4) Special District Taxes: As indicated above, the Agency is not exempt from special assessments and special ad valorem levies and accordingly, these amounts are not subject to abatement by reason of ownership of or the involvement in the project by the Agency. The PILOT Agreement shall make this clear and shall require that all such amounts be directly paid by the Applicant and/or project occupant. However, Applicants and project occupants should be aware that the courts have ruled that an Agency-sponsored project is also eligible to apply for an exemption from special district taxes pursuant to Section 485-b of the Real Property Tax Law. If an applicant or project occupant desires to obtain an exemption from special district taxes pursuant to said Section 485-b, it is the responsibility of the Applicant and/or project occupant to apply for same at its sole cost and expense.
- (5) Payment of PILOT Payments: Unless otherwise determined by resolution of the Agency or otherwise provided for in a Lease and Project Agreement or a PILOT Payment invoice from the Agency, all PILOT Payments payable to an Affected Tax Jurisdiction shall be billed and collected directly by the Agency. Pursuant to Section 874(3) of the Act, such PILOT Payments shall be remitted to each Affected Tax Jurisdiction within thirty (30) days of receipt.
- (6) Late Payment of PILOT Payments: Any PILOT Payments that are not paid on the date that such payments are due shall be subject to penalties and interest as required by the Act and the Lease and Project Agreement or the PILOT Agreement.
- (7) Recapture: All PILOT Agreements are subject to Recapture upon the recurrence of a Recapture Event.

- (8) Enforcement: An Affected Tax Jurisdiction which has not received a PILOT Payment due to it under a PILOT Agreement may exercise its remedies under Section 874(6) of the Act. In addition, such Affected Tax Jurisdiction may petition the Agency to exercise whatever remedies that the Agency may have under the project documents to enforce payment; and if such Affected Tax Jurisdiction indemnifies the Agency and agrees to pay the Agency's costs incurred in connection therewith, the Agency may take action to enforce the PILOT Agreement.

(E) Real Property Appraisals. Since the policy of the Agency stated in this Section 7 is to base the value of a project for payment in lieu of tax purposes on a valuation of such project performed by the respective Assessors, normally a separate real property appraisal is not required. However, the Agency may require the submission of a real property appraisal if (1) the Assessor of any particular Affected Tax Jurisdiction requires one, or (2) if the valuation of the project for payment in lieu of tax purposes is based on a value determined by the Applicant or by someone acting on behalf of the Applicant, rather than by an Assessor of an Affected Tax Jurisdiction or by the Agency. In lieu of an appraisal, the Agency may require that an Applicant submit to the Agency and each Assessor a certified enumeration of all project costs. If the Agency requires the submission of a real property appraisal, such appraisal shall be prepared by an independent MAI certified appraiser acceptable to the Agency.

SECTION 8. PROCEDURES FOR DEVIATION.

(A) General. In the case where the Agency may determine to deviate from the provisions of this Uniform Tax Exemption Policy pursuant to the provisions of Section 3(B) hereof, the Agency may deviate from the provisions hereof, provided that:

- (1) The Agency adopts a resolution (a) setting forth, with respect to the proposed deviation, the amount of the proposed Tax Exemption, the amount and nature of the proposed PILOT, the duration of the proposed Tax Exemption and the details of the proposed PILOT and whether or not a Tax Exemption of any kind shall be granted, (b) indicating the reasons for the proposed deviation, and (c) imposing such terms and conditions thereof as the Agency shall deem just and proper; and
- (2) As provided in Section 3(D) hereof, the Agency shall give prior written notice of the proposed deviation from this Uniform Tax Exemption Policy to each Affected Tax Jurisdiction, setting forth therein a general description of the proposed deviation and the reasons therefore. As required by the Act, the Agency shall give such notice to each Affected Tax Jurisdiction prior to the consideration by the Agency of the final resolution determining to proceed with such proposed deviation from this Uniform Tax Exemption Policy.

(B) Agency-Owned Projects. Where a project (1) constitutes a Non-Applicant Project, (2) is otherwise owned and operated by the Agency or (3) has been acquired by the Agency for its own account after a failure of a project occupant, such project may at the option of the Agency be exempted by the Agency from all taxes, to the extent provided in Section 874(1) and (2) of the Act.

(C) Unusual Projects. Where a project is unusual in nature and requires special considerations related to its successful operations as demonstrated by appropriate evidence presented to the Agency, the Agency may consider the granting of a deviation from the established exemption policy in accordance with the procedures provided in Section 3(B) and Section 8(A) hereof. The Agency may authorize a minimum payment in lieu of tax or such other arrangement as may be appropriate.

SECTION 9. RECAPTURE.

(A) Recapture of Agency Benefits. It is understood and agreed by the Applicant that the Agency will enter into a Lease and Project Agreement or PILOT Agreement to provide financial assistance and grant Tax Exemptions to the Applicant as an inducement to the Applicant to acquire, locate, construct, renovate, equip and operate a project in the Town in order to accomplish the Public Purposes of Agency under the Act. Upon the occurrence of a Recapture Event, the Agency will recapture up to 100% of the Recaptured Benefits in accordance with the Act and the provisions of the Lease and Project Agreement and the PILOT Agreement.

(B) For purposes of this UTEP, “**Recaptured Benefits**” 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 Lease and Project Agreement and the PILOT Agreement including, but not limited to, the amount equal to 100% of:

(i) mortgage recording tax exemption; and

(ii) sales and use tax exemption savings realized by or for the benefit of the Applicant, including any savings realized by any agent of the Applicant pursuant to the Lease Agreement and Project Agreement and each sales tax agent authorization letter issued in connection with the Lease Agreement and Project Agreement (“**Sales Tax Savings**”); and

(iii) Real Property Tax Abatement savings granted pursuant to the Lease Agreement and Project Agreement and the PILOT Agreement (i.e., full Taxes on the Facility less the PILOT Payments) (the “**Real Property Tax Abatement Savings**”).

(C) Recaptured Benefits, upon the occurrence of a Recapture Event in accordance with the provisions of the Lease Agreement and Project Agreement and the declaration of a Recapture Event by notice from the Agency to the Applicant, shall be payable directly to the Agency or to the State of New York if so directed by the Agency within ten (10) days after such notice of a Recapture Event.

(D) For purposes of this UTEP a “**Recapture Event**” shall mean any of the following events:

(i) The occurrence and continuation of an Event of Default under the Lease Agreement and Project Agreement, which remains uncured beyond any applicable notice and/or grace period, if any, provided hereunder; or

(ii) The Facility shall cease to be a “project” within the meaning of the Act, as in effect on the Closing Date, through the act or omission of the Applicant; or

(iii) The sale of the Facility or closure of the Facility and/or departure of the Applicant from the Town, except as due to casualty, condemnation or force majeure; or

(iv) Failure of the Company to create or cause to be maintained the number of FTE jobs at the Facility as provided in the Lease and Project Agreement, which failure, in the sole judgment of the Agency, is not reflective of the business conditions of the Applicant or the subtenants of the Applicant, including without limitation loss of major sales, revenues, distribution or other adverse business developments and/or local, national or international economic conditions, trade issues or industry wide conditions; or

(v) Any significant deviations from the project information contained in the Application which, in the sole judgment of the Agency, would constitute a significant diminution of the Applicant’s activities in, or commitment to, the Town of Brookhaven, Suffolk County, New York; or

(vi) The Applicant receives or claims Sales Tax Savings in connection with the project work in excess of the maximum amount of the sales and use tax exemptions authorized by the Agency or receives or claims Sales Tax Savings prior to the commencement of the Sales Tax Exemption Period or after the Sales Tax Exemption Period; provided, however, that the foregoing shall constitute a Recapture Event with respect to such excess Sales Tax Savings only. It is further provided that failure to repay the Sales Tax Savings within thirty (30) days shall constitute a Recapture Event with respect to all Recaptured Benefits.

(E) If a Recapture Event has occurred due solely to the failure of the Applicant to create or cause to be maintained the number of fulltime equivalent employees (“FTEs”) at the project as provided in the Lease and Project Agreement in any year but the applicant has created or caused to be maintained at least 85% of such required number of FTEs for such year, then in lieu of recovering the Recaptured Benefits provided above, the Agency may, in its sole discretion, adjust the PILOT Payments due under Lease and Project Agreement and the PILOT Agreement on a pro rata basis so that the amounts payable will be adjusted upward retroactively for such year by the same percentage as the percentage of FTEs that are below the required FTE level for such year. Such adjustments to the PILOT Payments may be made each year until such time as the Applicant has complied with the required number of FTEs pursuant to the Lease and Project Agreement.

(F) Furthermore, notwithstanding the foregoing, a Recapture Event shall not be deemed to have occurred if the Recapture Event shall have arisen as a result of (i) a “force majeure” event, (ii) a taking or condemnation by governmental authority of all or part of the Facility, or (iii) the inability or failure of the Applicant after the project shall have been destroyed or damaged in whole or in part (such occurrence a “Loss Event”) to rebuild, repair, restore or replace the project to substantially its condition prior to such Loss Event, which inability or failure shall have arisen in

good faith on the part of the Applicant or any of its affiliates so long as the applicant or any of its affiliates have diligently and in good faith using commercially reasonable efforts pursued the rebuilding, repair, restoration or replacement of the project or part thereof.

(G) The Applicant will be required under the Lease and Project Agreement to furnish to the Agency, and to cause any sublessee of the project to furnish, the Agency with written notification within thirty (30) days of actual notice of any facts or circumstances which would likely lead to a Recapture Event or constitute a Recapture Event hereunder. The Agency shall notify the Applicant of the occurrence of a Recapture Event under the Lease and Project Agreement, which notification shall set forth the terms of such Recapture Event.

(H) In the event any payment of Recaptured Benefits owing by the Applicant under the Lease and Project Agreement shall not be paid on demand by the Agency, such payment shall bear interest from the date of such demand at a rate equal to ten percent (10%) but in no event at a rate higher than the maximum lawful prevailing rate, until the Applicant shall have made such payment in full, together with such accrued interest to the date of payment, to the Agency (except as otherwise specified above).

(I) The Applicant shall be required by the Lease and Project Agreement to pay to the Agency all reasonable out of pocket expenses of the Agency, including without limitation, reasonable legal fees, incurred with the recovery of all Recaptured Benefits.