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UNIFORM TAX EXEMPTION POLICY (Extracted from Guidelines and Procedures)

VI. UNIFORM TAX EXEMPTION POLICY

According to the IDA Act, the Agency is required to adopt a uniform tax exemption policy which will apply to grants of financial assistance to project companies and provide guidelines to enable such companies to claim exemptions from real property, mortgage recording and sales tax exemptions.

A. Guidelines

1. Period of the Exemptions

- a. Real Property Taxes: the length of the exemption will be the greater of (1) twenty (20) years or (2) the duration of the term of the financing related to the project.
- b. Mortgage Recording Tax: the exemption will be granted for the life of the project commencing upon the initial closing.
- c. Sales Tax: the exemption will expire on the earlier of (1) the date of completion of the project or (2) one year from the closing of the IDA financing for the project. Extensions of the Tax Letter may be granted at the sole discretion of the Agency upon the request of the project company in the event the project is not completed prior to the expiration or the date established by the Agency. A Tax Letter may be given prior to a financial closing upon the advise of Agency Counsel and Bond Counsel. An extension of the Tax Letter may be granted by the IDA by resolution for certain projects considered significant and strategically important to the economy of the city.

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2. Percentage of the Exemption

- a. Real Property Taxes: the project company shall be granted an exemption as follows:

The basic real property tax abatement is 100% of the increased assessment value of the parcel in the first year of the abatement, with a decreasing exemption over the period of the PILOT. PILOT payments in the initial year shall not be less than the amount of taxes that were due on the parcel in the previous tax year prior to the transferring of title to the IDA. The term of the PILOT shall be up to the greater of twenty (20) years or the period of the project financing. Upon request of the project applicant, the abatement granted in certain years may be adjusted; provided, however, that the net present value of the total abatement is not substantially reduced. In addition, applicants may apply in writing to the Chairperson or President for deviations from the guidelines in order to increase abatements. The request should cite specific data and information including the criteria set forth in Exhibit C hereto. The IDA must notify each ATI of each deviation granted following such application. The IDA may reduce the abatement for any projects that are subsequent phases of a previously IDA-financed multi-phase project and/or the IDA determines that the benefits provided by such projects merits a reduced level based upon the factors set forth in Exhibit C or otherwise. The IDA may require a mortgage to secure PILOT payments as deemed appropriate by the IDA and counsel.

- b. Mortgage Recording Tax: an exemption of up to 100% shall be granted for the mortgage recording tax that would otherwise be imposed for the recordation of any mortgage that is directly related to a project or, on a case-by-case basis, that is deemed necessary as part of the financing or refinancing of a project. Project occupants must file all statements relating to this exemption as required by law.

- c. Sales Tax: an exemption of up to 100% shall be granted to the project company, developer, contractor or subcontractor, appointed by the Agency to act on its behalf as its agent, for purchases incurred by the project company or other agent in connection with the acquisition, construction (or reconstruction) and installation of the project. The exemption granted may be less than 100% for subsequent phases of previously IDA—financed

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multiphase projects. Project occupants must file or cause to be filed all statements relating to this exemption as required by law.

3. Types of Projects for which Exemptions can be Claimed

The Agency will provide an exemption to all projects enumerated in the IDA Act for which the IDA is authorized to provide financial assistance.

4. Procedures for Payments in Lieu of Real Property Taxes

a. The President or Chairperson shall promptly provide copies of all PILOT Agreements hereinafter executed to (1) the municipal officer or agency designated by the mayor to bill and collect all PILOT payments on behalf of the City and (2) the appropriate official of the County government as designated by the County.

b. All PILOT Agreements hereinafter executed shall state that all PILOT payments (1) shall be made by the project companies by check made payable directly to the ATJ(s) and (2) shall be remitted directly by the project companies to the municipal officer or agency of the City designated by the Mayor to receive such PILOT payments

5. Performance of Real Property Appraisals as part of Application requesting Real Property Tax Exemption.

In cases where the Agency believes that the assessment of the real property to be involved in the project is or may be undervalued, the Agency may require that real property appraisals be performed as part of the application for tax exemption.

B. Considerations

In establishing such policies IDA's are required to consider the following issues:

1. Extent to which a project will create or retain permanent private sector jobs.
2. Estimated value of any tax exemptions to be provided.

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3. Whether ATJs shall be reimbursed by the project occupant if a project does not fulfill the purposes for which an exemption was provided.
4. The impact of a proposed project on existing and proposed business and economic development projects in the vicinity.
5. The amount of private sector investment generated or likely to be generated by the proposed project.
6. The demonstrated public support for a proposed project.
7. The likelihood of accomplishing the proposed project in a timely fashion.
8. The effect of the proposed project upon the environment.
9. The extent to which the proposed project will require the provision of additional services.
10. The extent to which the proposed project will provide additional sources of revenue for municipalities and school districts.

C. Deviation from Uniform Tax Exemption Policy

IDAs are required under the IDA Act to establish a procedure for deviation from its uniform tax exemption policy. After taking into consideration the issues set forth above in Section VI (B), the Agency may determine to deviate from the guidelines and policies established herein. In addition to any deviations previously set forth herein, the Agency may deviate from such policies after complying with the following:

1. Setting forth in writing the reasons for deviation from such policy; and
2. Notifying the ATJ or ATJs of the proposed deviation and the reasons therefore.

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D. Indemnification of the IDA Under Agreements Granting Tax Exemptions

In any documents executed by the project company in connection with the Agency providing financial assistance to such company, the project company will agree to the following:

1. To indemnify the Agency for any liability incurred by the Agency in connection with the project; and
2. To deliver certificates to the Agency evidencing that the indemnification described above is covered by insurance in an amount and by a company whose rating is acceptable to the IDA.

E. Recapture of Benefits

Projects that receive enhanced real property tax abatements are subject to the recapture of all real property tax abatements previously granted pursuant to the following schedule.

Within 1 year	100%
Within 2 years	100%
Within 3 years	50%
Within 4 years	50%
Within 5 years	25%
Within 6 years	25%
After 6 years	10%

The above period begins on the effective date of the PILOT Agreement. Such recapture is in the sole discretion of the IDA and is reviewed on a case-by-case basis. Reasons for the recapture of benefits include the following:

1. Sale or closure of the facility.
2. Significant change in the use of the facility and/or the business activity or the applicant or occupant.
3. Significant employment reductions not reflective of the occupant's business cycle and/or local and national economic conditions.

EXHIBIT C

ENHANCED REAL PROPERTY TAX ABATEMENT CRITERIA

The IDA will consider the following significant indicators when determining whether to provide enhanced real property tax abatements. These determinants are not all inclusive and are not in priority order:

1. **ECONOMY:** Local and Regional economic conditions at the time of application.
2. **JOBS:** The extent to which the project will directly create or retain permanent private sector jobs as well as "temporary" jobs during the construction period. In addition, the level of secondary "multiplier" jobs that will be created or retained as a result of the project.
3. **PROJECT COST/PAYROLL:** Level of direct annual payroll that results from the project as well as secondary "multiplier" payroll and payroll during the initial construction period.
4. **PROJECT PURPOSE:** Type of industrial or commercial activity proposed for the facility.
5. **SITE ALTERNATIVES:** Likelihood that the project will locate elsewhere resulting in subsequent real economic losses for retention projects and possible failure to realize future economic benefits for attraction projects.
6. **PROJECT LOCATION:** Nature of the property before the project (vacant land, vacant buildings, distressed community, Economic Development Zone).
7. **PROJECT BENEFITS:** Amount of private sector investment as a result of the project and the level of additional revenues for local taxing jurisdictions.
8. **PROJECT COSTS:** Impact of the project and the proposed abatements/exemptions on local taxing jurisdictions and extent to which project will require additional services from local government entities.