

**City of Poughkeepsie Industrial Development Agency
Municipal Building
62 Civic Center Plaza
Poughkeepsie, New York 12601**

AMENDED NOTICE OF CONTEMPLATED DEVIATION

February 6, 2019

***VIA CERTIFIED MAIL /
RETURN RECEIPT REQUESTED***

To: The Attached List of Affected Tax Jurisdictions
on Schedule A

Re: **City of Poughkeepsie Industrial Development Agency
CNN Spruce, LLC
Amended Notice of Contemplated Deviation**

Ladies and Gentlemen:

This Amended Notice of Contemplated Deviation amends that certain Notice of Contemplated Deviation, dated January 8, 2019 (the "Original Deviation Notice"), that was previously furnished to you by the City of Poughkeepsie Industrial Development Agency (the "Agency") pursuant to Section 874 of the General Municipal Law of the State of New York (the "General Municipal Law") regarding the above-captioned project. The Original Deviation Notice indicated, among other things, that the Agency was contemplating a deviation from the Agency's Uniform Tax Exemption Policy (the "Policy") as follows:

"(a) The Company will pay a fixed PILOT payment during each year of the PILOT Agreement, as set forth more fully on Schedule B attached hereto, rather than making an annual PILOT payment based on a declining percentage of assessed valuation of the Project. In addition, the PILOT Agreement will be for a term of only ten (10) years. The Project will be given a PILOT with a deviation under a Type 3 UTEP—Mixed Use Conversion and/or Transit Oriented: Non-residential properties converted to a mix of residential and commercial uses or uses allowed in sections of the Zoning Code that authorize transit-oriented development. Type 3 uses must be located in a transit oriented district as identified by the Agency; "

It was, however, the intention of both the Agency and the Company that the schedule of PILOT payments be expressed not as a fixed dollar amount each year during the term of the PILOT Agreement but, rather, as a percentage of the total taxes that would otherwise have been

due with respect to the Project during the term of the PILOT Agreement, based upon the assessed valuation thereof, had the Project been maintained on the taxable assessment rolls during said term. The Agency, therefore, wishes to amend the Original Deviation Notice by revising Schedule B thereto so as to eliminate the schedule of fixed payment amounts and, in its place, set forth a proposed PILOT schedule setting forth the applicable percentage of tax exemption for each year of the term of the PILOT Agreement.

Accordingly, the Original Deviation Notice is hereby amended and restated in its entirety to read as follows:

CNN Spruce, LLC (the "Company") has submitted an application (the "Application") to the City of Poughkeepsie Industrial Development Agency (the "Agency") requesting that the Agency provide certain financial assistance to the Company in connection with a certain project (the "Project") for the benefit of the Company consisting of: (i) the Agency taking title, possession or control (by deed, lease, license or otherwise) of certain land commonly known as 112 Delafield Street, 110 Delafield Street, 54 Spruce Street, 52 Spruce Street, 48 Spruce Street and 46 Spruce Street, City of Poughkeepsie, Dutchess County, New York, being more particularly identified as tax map parcel number 6062-52-887505, 6062-60-900496, 6062-60-899489, 6062-60-895491, 6062-60-891491, and 6062-60-889491 (collectively, the "Land") and any existing improvements located thereon, but excluding therefrom the existing office building located at 112 Delafield Street (the "Existing Improvements"); (ii) the construction on the Land of (a) an approximately 22,400 square-foot three-story mixed-use building of which (x) approximately 22,000 square feet will be comprised of approximately eighteen (18) units consisting of nine (9) one-bedroom units and nine (9) two-bedroom units (the "Multifamily Improvements"), and (y) approximately 200 square feet will be comprised of a commercial bakery and a bakery café with some seating for bakery patrons (the "Bakery Improvements" and together with the Multifamily Improvements, collectively, the "Mixed-Use Building Improvements"), (b) an approximately 12,900 square-foot three-story office building (the "Office Building Improvements"), and (c) a walkway connecting the Multifamily Improvements and the Office Building Improvements (the "Walkway Improvements"; and, together with the Mixed-Use Building Improvements and the Office Building Improvements, collectively, the "Improvements"), all as more fully detailed in the Company's Application on file with the Agency); and (iii) the acquisition and installation by the Company in and around the Land, the Existing Improvements and the Improvements of items of equipment, machinery and other tangible personal property (the "Equipment"; and, together with the Land, the Existing Improvements and the Improvements, the "Facility").

On Wednesday, January 16, 2019, at 6:30 p.m., local time, at Common Council Chambers, Poughkeepsie City Hall, 62 Civic Center Plaza, 3rd Floor, Poughkeepsie, New York 12601, the Agency held a public hearing with respect to the Project. Notice of the public hearing was given to you - as the chief executive officer of an affected tax jurisdiction within which the Facility is located - by the Agency in accordance with General Municipal Law Section 859-(a) under notice letter dated December 28, 2018 (the "Notice Letter"). Pursuant to the Notice Letter, the Agency informed you that it intended to grant an abatement of real property taxes in such amount as the Agency may determine in order to accomplish the purposes of the Project. To effectuate such an abatement, it is intended that the Agency execute and deliver a certain

payment-in-lieu-of-tax-agreement (the "PILOT Agreement") with respect to the Facility. We are hereby notifying you that the terms of the PILOT Agreement are proposed to deviate from the Agency's Uniform Tax Exemption Policy (the "Policy"). The Agency is contemplating a deviation from the Policy as follows:

- (a) The Company will make PILOT payments during each year of the term of the PILOT Agreement in accordance with a declining percentage of exemption from the total taxes that would otherwise have been due with respect to the Project during the term of the PILOT Agreement based upon the then-assessed valuation thereof, as set forth more fully on Schedule B attached hereto. In addition, the PILOT Agreement will be for a term of only ten (10) years. The Project will be given a PILOT with a deviation under a Type 3 UTEP—Mixed Use Conversion and/or Transit Oriented: Non-residential properties converted to a mix of residential and commercial uses or uses allowed in sections of the Zoning Code that authorize transit-oriented development. Type 3 uses must be located in a transit oriented district as identified by the Agency; and
- (b) The Company will not be required to obtain the consent or approval of any affected taxing jurisdictions to the proposed PILOT deviation as set forth in the Policy.

Based upon the application submitted by the Company for financial assistance with respect to the Project, the cost benefit analysis undertaken by the Agency and discussions between the Company and representatives of the Agency, the Agency has concluded that the proposed deviation from the PILOT schedule will make it financially feasible for the Company to redevelop a problematic parcel of land in the City of Poughkeepsie. The Agency is contemplating the proposed deviation from the Policy's requirement that the Company obtain the consent of the affected taxing jurisdictions to the proposed PILOT deviation as set forth in the Policy because such consent is not required under the General Municipal Law. The proposed PILOT deviation affects only the amount of the PILOT payments and duration of the PILOT schedule and does not affect the allocation of the PILOT payments as among the affected taxing jurisdictions.

Upon due consideration of the Company's Application, the various positive economic and social impacts of the Project, and the Project's general satisfaction of several considerations set forth within the Policy, the Agency desires to execute and deliver the PILOT Agreement and provide for a potential deviation from its Policy. Specifically, approval of the potential deviation is based upon one or more of the following factors with respect to the Project, all of which positively impact the health, the community, the environment and the economy of the City of Poughkeepsie, New York: the Project (i) is located on a development site that is just outside the edge of the transit zone by approximately three (3) blocks; (ii) the property is mixed use but is not a conversion from a non-residential; (iii) the office building portion of the Project was almost complete and has already had a 10-year lease executed; (iv) the jobs retained were discounted and the new jobs created were few.

We are providing this letter to you, pursuant to Section 874 of the General Municipal Law, as the chief executive officer of an affected tax jurisdiction within which the Facility is located to notify you of a proposed deviation from the Agency's Policy.

**CITY OF POUGHKEEPSIE
INDUSTRIAL DEVELOPMENT AGENCY**

By: Melanie Vetter
Chair

Schedule A
Chief Executive Officers of
Affected Tax Jurisdictions

County of Dutchess

No. 91-7199-9991-7038-2129-4992

The Honorable Marcus J. Molinaro
Dutchess County Executive
22 Market Street
Poughkeepsie, New York 12601

No. 91-7199-9991-7038-2129-4527

The Honorable A. Gregg Pulver
Chair of the Dutchess County Legislature
22 Market Street
Poughkeepsie, New York 12601

City of Poughkeepsie

No. 91-7199-9991-7038-2129-4541

The Honorable Rob Rolison
Mayor of the City of Poughkeepsie
62 Civic Center Plaza
Poughkeepsie, New York 12601

No. 91-7199-9991-7038-2129-4565

Mr. Marc Nelson
Poughkeepsie City Administrator
City Hall - 3rd Floor
62 Civic Center Plaza
Poughkeepsie, New York 12601

Poughkeepsie City School District

No. 91-7199-9991-7038-2129-4589

Dr. Felicia Watson
Board of Education President
Poughkeepsie City School District
Jane Bolin Administration Building
11 College Avenue
Poughkeepsie, New York 12603

No. 91-7199-9991-7038-2129-4602

Dr. Kathleen Farrell
Interim Superintendent of Schools
Poughkeepsie City School District
Jane Bolin Administration Building
11 College Avenue
Poughkeepsie, New York 12603

Schedule B

Proposed PILOT Schedule

<u>PILOT Year</u>	<u>Annual Percentage Tax Exemption</u>
0	0% (Full taxes paid)
1	80%
2	75%
3	70%
4	65%
5	60%
6	55%
7	50%
8	45%
9	40%
10	35%