

GATEWAY AT BRONX TERMINAL MARKET

Summary of Government Benefits Given to Related

Source: Memorandum of Understanding “MOU”

Benefits from State and City of New York

A. Direct payments, fee and tax exemptions and forbearances, financing incentives

1. Reimbursement to Joint venture by City NYC/EDC of all approval costs and off site mitigation work in excess of \$4.5 million (pg. 4 § 2(a)(E))
2. Joint Venture exempt from NYS and NYC sales tax for construction work and off site work ((b)(i) pg 5)
3. Exemption mortgage recording taxes for construction financing up to \$400 million (current recording tax for a note combined State + City = 2¾%). Waiver is recaptured only in event of a sale (b ii) pg 5)
4. Deferral of CEQR/ULURP fees until funding of first installment of construction loan (biii) pg. 6). ULURP application and CEQR application fees.
5. Extension of Liberty Bonds outside Liberty zone up to \$80 million. EDC to support application with no fees to be paid by joint venture (b iv pg 6) Bond fee waiver. (*Note: EDC has told Counsel to Contracts Committee that they will no longer apply for this*). **However, Liberty Bond available for the job retention and job creation for a new market.**
6. Transfer of City Owned Property to Related without issuance of a “Request for Proposal” (“RFP”) or bidding. (The “Financing of the Transfer”)

B. Additional Government Guarantees Through Obligations and Assistance

1. Guarantee ULURP/CEQR approvals and benefits
2. Pollutant discharge permits from NYS DEC
3. Obtain NYS DOT agreement and MTA approval for new subway station to be constructed
4. New York City Property Tax Abatements: Industrial & Commercial Incentive Program (ICIP); Commercial Revitalization Program (CRP) New York State Tax Law Articles 9-A, 22, 32 & 33 (Empire Zone Tax Credits: Investment Tax Credit; Employment Incentive Credit; Wage Tax Credit; Capital Tax Credit

5. Empowerment zone benefits. The project is located in a New York State Enterprise Zone (Port Morris) as well as the Upper Manhattan Enterprise Zone. EDC and BOEDC are the “recommending agencies”
 6. Tax exempt bonds
- C. Transfer of Tenant and Subtenant Funds
1. \$4,502,706 plus \$37,755 - turned over in Merger Agreement from the Buntzman
 2. EDC to pay the funds for demolition of WH 1 building - \$4.5 million from transferred funds from Buntzman plus existing \$7.5 million in EDC funds pursuant to OMB Budget Approval in January 2004
- D. Fronting the Relocation Costs of Subtenants.
1. Relocation of existing tenants at City’s costs and expense
- E. Highway and Ramp Access Impediments
1. Provision for acquisition of DOT parcel from NYS DOT, price payments to Joint Venture, timing requirements, Deegan Expressway widening
- F. Parking Waiver
1. NYC acknowledges need for public parking and gives waiver to allow 3000 spaces to be constructed and operated by a not-for-profit exempt party facility
- G. Reduced Lease Payments Related to City
1. Commencement to the 5th anniversary of Lease - \$250,000.00/year
 2. Next 5 years: greater of \$500,000 or 2% of gross revenue
 3. Next 5 years: greater of 105% of proceeding base or 3% of gross revenue
 4. Next 5 years: greater of 105% of proceeding base or 4% of gross revenue
 5. Next 5 years: greater of 105% of proceeding base or 5% of gross revenue
 6. Every 5 years thereafter the rent is as in (e)
- H. Reduced Additional Rent
1. PILOT: 21 year Program. Payment in lieu of taxes formula phased in after first 5 years.

2. Total abatement for first 5 years
3. 16 year “phase in” with virtually no payments. The abatement is tied to the completion and occupancy of each part of Gateway.
4. Commercial Rent Tax: If City imposes a commercial rent tax, then it is to be deducted from PILOT and/or rent payments