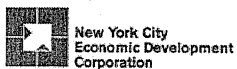


**SECOND AMENDED AND RESTATED  
UNIFORM TAX EXEMPTION POLICY  
OF THE  
NEW YORK CITY INDUSTRIAL DEVELOPMENT AGENCY**

As approved on December 12, 2006 by the Board of Directors of the  
New York City Industrial Development Agency.



**SECOND AMENDED AND RESTATED  
UNIFORM TAX EXEMPTION POLICY<sup>1</sup>**

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<sup>1</sup> *Uniform Tax Exemption Policy*, approved December, 1994; *First Amended and Restated Uniform Tax Exemption Policy* approved March 30, 1999; amendments thereto approved August 13, 2002; amendments thereto approved November 9, 2005; amendments thereto approved August 8, 2006; amendments thereto approved December 12, 2006.

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## I. PRINCIPLES OF GENERAL APPLICATION

**A. Requirements of Law; Previous Policies Superseded.** Each provision of this Policy<sup>2</sup> shall be supplemented or superseded, as necessary, by applicable requirements of law. This Policy supersedes previous policies relating to the subject matter of this Policy, and to the extent this Policy is inconsistent with previous policies approved by the Board, this Policy shall govern.

**B. Financial Assistance as Discretionary.** The provision of Financial Assistance to a Recipient in accordance with this Policy shall be a discretionary act on the part of the Board, notwithstanding the occasional use in this Policy of directive phrases such as "...the Agency shall provide...". In making the discretionary decision to provide Financial Assistance, first the Staff, and then the Board, shall consider, variously, the following:

- the extent to which a proposed Project will create or retain permanent, private-sector jobs
- whether Financial Assistance is required to induce the Project (see Sub-section "C.1." below)
- the estimated value of the Financial Assistance to be provided to the Recipient
- the estimated value of any other benefits that the City may be providing
- the financial feasibility of the Project
- the environmental impact of the Project
- the amount of private-sector investment to be generated by the proposed Project
- public support for, or opposition to, the proposed Project
- the likelihood of timely accomplishment
- whether the Project involves an industry or activity which the City seeks to retain and foster
- the extent to which the proposed Project will create additional sources of revenue for the City
- whether the Project will use an apprenticeship program approved by the New York State Department of Labor, as applicable

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<sup>2</sup> All terms used herein shall have the definitions set forth in *Appendix A* hereto.

**C. Conditions to receiving Financial Assistance.** The following are conditions to providing Financial Assistance to any Recipient:

1. Inducement.

a. *For Industrial Projects, Commercial Growth Projects, Hudson Yards Commercial Construction Projects, Governmental Bond Projects, and Industrial Developer Projects located in a Zone.* For Industrial Projects, Commercial Growth Projects, Hudson Yards Commercial Construction Projects, Governmental Bond Projects, and Industrial Developer Projects located in a Zone, the Staff and Board must determine (except as set forth in paragraph “d” below) that the Financial Assistance that is proposed to be provided to a Recipient will “induce” the Recipient’s Project. As used herein, to “induce” (“inducement”) means that but for the Financial Assistance being offered by the Agency, the Project would most likely not be undertaken by the proposed Recipient; or, if undertaken at all by such Recipient, the Project might occur at a substantially reduced level or outside of the State

b. *For Civic Facility Projects.* For all Civic Facility Projects, inducement constitutes fulfillment of the *Not-for-Profit Guidelines* through operation of the Project Facility. For Civic Facility Projects that are Private Schools, inducement additionally includes the fulfillment of the Agency’s *Compliance Criteria for Private Schools*.

*See Appendix B, annexed hereto, for Not-for-Profit Guidelines and Appendix C, annexed hereto, for Compliance Criteria for Private Schools.*

c. *For Liberty Bond Projects.* For Liberty Bond Projects, “inducement” shall consist of fulfilling the *Selection Criteria and Requirements* of the *New York Liberty Bond Program*.

*See Appendix D, annexed hereto, for Selection Criteria and Requirements of the New York Liberty Bond Program.*

d. *For Commercial Growth Projects, Hudson Yards Commercial Construction Projects, and Governmental Bond Projects.* For Commercial Growth Projects, Hudson Yards Commercial Construction Projects, and Governmental Bond Projects, the inducement criteria described in paragraph “a” preceding may apply, and, in addition, “inducement” may also mean (within the discretion of the Staff and upon approval of the Board) that, but for the Financial Assistance, (i) a Recipient would either not retain and/or attract a specified number of employees or a business function or unit for a specified period of time within the City, and/or (ii) the loss of a vital service to the City might occur, and/or (iii) a vital City-supported project or initiative may be delayed or otherwise adversely affected.

e. *Financial Assistance to Apply to Project Property.* For the Staff and the Board to make a finding of inducement, the proposed Financial Assistance must apply to the property which is the subject of the Project. An applicant may not apply for financial assistance for one location when intended Project activities are to occur at another.

2. Capital Asset. The proposed Project must involve one or more of the following activities on the part of the Recipient in respect of a capital asset:

- Acquisition of title to or equivalent ownership in, or leasehold interest in, tangible property which has a useful life of one year or more; and/or
- Renovation of Improvements; and/or
- Construction of New Improvements; and/or
- Refunding or refinancing of debt.

3. Agency Relationship to Project Property. The Agency shall have such interest in, or control over, Project property, for such duration of time, as may be necessary under requirements of law. The choice of interest in, or, in the alternative, the assertion of control over, Project property as a basis for providing Financial Assistance to a Project, shall be in the sole discretion of the Agency.

4. Statutory Requirements. The Agency and the Recipient shall satisfy and fulfill all other requirements set forth in the Statute for providing Financial Assistance.

**D. Applicability of Exemption from Taxes.** The failure of this Policy (or a deviation in accordance with Article IV of this Policy) to explicitly exempt Project property from a particular tax or other imposition means that such property shall not be exempt from such tax and that the Recipient shall therefore be obligated to pay it. Under no circumstances will the Agency's acquisition of an interest in, or control over, Project property be, in and of itself, sufficient to exempt the Project property or the recordation of any Project Document from any tax or other imposition. *Exemption from a particular tax shall only occur if "I" or "II" following applies, and if "I" does apply, "II" shall not (i.e., the tax exemption in question will not be deemed available through the Agency):*

I. the property is exempt from the tax in question under law other than the Statute;

**OR**

II. all of the following conditions for exemption through the Agency are satisfied with respect to the tax in question:

- the Statute, or the Statute as interpreted, authorizes or otherwise permits exemption from the tax, and/or the Agency's interest in, or control over, or involvement with, the Project property provides a sufficient basis for exemption; and
- this Policy authorizes or otherwise permits exemption from the tax; and

- the Agency has (y) delivered an instrument by which tax exemption may be effectuated, and/or (z) agreed to exempt the tax by agreement set forth in a Project Document,; and
- in the case of real property taxes, the New York City Department of Finance has taken the ministerial action of removing the Project Facility from the tax rolls and thereby designating such property as exempt from the City's real property taxes.

**E. Industrial Commercial Incentive Program Exemption/Abatement.** The ICIP exemptions and abatements referred to in this Policy shall be considered (if at all) in the computation of PILOT only to the extent that an application has been filed (or could be filed) for the Project property pursuant to which the Project property has qualified for an ICIP exemption and/or abatement under relevant law and regulation.

**F. Governing Procedures.** In all matters relating to the applicability, calculation, billing, collection and payment of PILOT, including but not limited to the determination of Assessed Valuation, the Agency may rely upon and use, or cause to be used, the methods and procedures customarily employed, and the determinations customarily made, by the New York City Department of Finance.

**G. Financial Assistance in the Form of Bond Financings.** This Policy authorizes the Agency to provide Financial Assistance in the form of the proceeds of bonds or other conduit-issued debt obligations provided that all of the following conditions apply: (i) the obligations and their issuance are in accordance with law; and (ii) the Agency's Board has duly authorized the issuance of the obligations; and (iii) the obligations are issued by the Agency on behalf of a Project that is eligible for Financial Assistance in accordance with this Policy.

**H. Exclusivity.** A Project Facility located in the New York Liberty Zone that does not qualify as a Liberty Bond Project, may nevertheless receive Financial Assistance, if it qualifies under another category of Project described in this Policy. A Project Facility located in the Hudson Yards UTEP Area that does not qualify as a Hudson Yards Commercial Construction Project may not receive Financial Assistance under another category of Project described in this Policy, provided that the foregoing shall not preclude the Agency from providing Financial Assistance limited to exemptions from City and State sales and use taxes on purchases and leases of personal property for tenant improvements in connection with a Commercial Growth Project that involves a Project Facility located in the Hudson Yards UTEP Area but which does not qualify as a Hudson Yards Commercial Construction Project. For purposes of this Section H, "personal property" may include building materials, fixtures, furnishings and equipment, as well as certain services that may relate to any of the foregoing, all as further provided (by the Staff in its sole discretion) in the forms of sales-tax exemption letters used by the Agency.

**I. Overlapping Project Categories.** If a Project Facility falls under more than one of the Project categories described in this Policy, and should the Agency accept the applicant in connection with such Project Facility for the purpose of providing Financial Assistance to the applicant (as a Recipient) and its related Project, then, it shall be in the Agency's sole discretion

as to which Project category (or Project categories) and related Financial Assistance shall apply to that Project. Notwithstanding the foregoing, where a Project Facility is located in the Hudson Yards UTEP Area, neither such Project Facility nor its related Project shall be provided with any Financial Assistance other than (i) the Financial Assistance provided for in *Appendix E*, and (ii) Financial Assistance limited to exemptions from sales and use taxes on purchases and leases of personal property for tenant-improvements in connection with Commercial Growth Projects. For purposes of this Section I, "personal property" may include building materials, fixtures, furnishings and equipment, as well as certain services that may relate to any of the foregoing, all as further provided (by the Staff in its sole discretion) in the forms of sales-tax exemption letters used by the Agency.

**J. Transferability of the Project.** If, after completing Project construction, reconstruction and/or renovation, a Recipient requests that its Project, including Financial Assistance, continue for the balance of the Project's Financial Assistance Term notwithstanding (y) sale, lease or other disposition of the Recipient's Project Facility, and/or (z) change in the ownership of or control over the Recipient, *then*, under either (or both) of such circumstances, the decision whether or not to consent to such request shall be made in the sole discretion of the Staff. If, before completing Project construction, reconstruction and/or renovation, a Recipient makes such request under the same circumstances, such consent may be provided only upon approval by the Board.

**K. Amendment.** This Policy may be further amended from time to time by action of the Board after public hearing and published notice of such hearing.

## II. TAX EXEMPTION POLICIES

### A. Industrial Projects.

The Agency's policy for providing Financial Assistance to Industrial Projects, other than Financial Assistance in the form of conduit-issued debt, shall be as follows:

1. Exemption from Real Property Taxes; Payments in Lieu of Taxes.

a. *Project Facility.* During the Financial Assistance Term, a Project Facility that is an Industrial Project shall be exempt from Current Taxes, and the Recipient shall pay, with respect to such Project Facility, PILOT in an amount equal to Agency Formula PILOT, all in accordance with paragraphs "b," "c" and "d" below.

b. *Existing Improvements and Project Land.* PILOT payable with respect to any Existing Improvements and the Project Land shall be included in Agency Formula PILOT. If Existing Improvements benefit from an ICIP<sup>3</sup> Exemption and/or ICIP Abatement pre-

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<sup>3</sup> In addition to ICIP, Staff may adjust PILOT under this Policy to take into account other as-of-right, tax-benefit programs that currently exist or that may in the future be enacted; *provided, however*, that the decision to so adjust PILOT, and the manner and extent of such adjustment, shall be in the sole discretion of the Staff; *and provided further*, that "adjustment" in this context may mean increase, or decrease, or deferment, or any other change deemed suitable by the Staff.



dating Recipient's application to the Agency for Financial Assistance, *then*, the Agency shall provide annual credits against the payment of Agency Formula PILOT. Such credits shall in the aggregate equal the remaining amount of the benefit of the ICIP Exemption and/or the ICIP Abatement that the Recipient would have received during the Financial Assistance Term if the Agency had not exempted the Existing Improvements and the Project Land from Current Taxes, and such credits shall be consistent with the amounts and timing of the benefits the Recipient would have received under ICIP.

c. *Project Improvements.* PILOT payable with respect to Project Improvements shall be included in Agency Formula PILOT.<sup>4</sup>

d. *Additional Improvements.* In the event Additional Improvements are constructed, PILOT shall be payable with respect to such Additional Improvements in an amount equal to Current Taxes attributable to such Additional Improvements. Notwithstanding the foregoing, if Additional Improvements qualify for ICIP Exemption, then, the Assessed Valuation attributable to such Additional Improvements shall be exempted in the same manner that Assessed Valuation for eligible improvements is exempted through ICIP Exemption, and PILOT payable in connection with such Additional Improvements shall be reduced in the same way that Current Taxes are reduced for eligible improvements that are exempt through ICIP Exemption. Notwithstanding anything that may be to the contrary in this Policy, no credit, offset or reduction of any kind shall be provided against Agency Formula PILOT on account of Additional Improvements that qualify the Project Facility for ICIP Abatement.

2. Exemption from Recording Fees. Project Documents shall be exempt from recording fees.

3. Exemption from Mortgage Recording Taxes. With respect to Project mortgages, the Agency shall exempt City and State mortgage recording taxes but shall do so only once and upon the following conditions: (y) aggregate Project expenditures must at a minimum equal the amount of the Project mortgage for which exemption is being provided by the Agency; and (z) if the maturity of the indebtedness secured by the Project mortgage exceeds expiration of the Financial Assistance Term, the Recipient shall at the Closing remit to the Agency a PILOMRT in connection with such longer maturity. Notwithstanding the foregoing, the following shall apply to the exemption of City and State mortgage recording taxes by the Agency:

a. The Agency may exempt Project mortgages from City and State mortgage recording taxes for a second time if the first exemption is in connection with construction financing and the second exemption is in connection with permanent financing.

b. If, in connection with the refinancing of a Project mortgage (or successive refinancing mortgages thereafter) during the Financial Assistance Term, the Recipient is able, without assistance from the Agency, to continue the exemption by means of assignment

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<sup>4</sup> In the event Recipient expects Project Improvements to qualify for ICIP benefits and, as a result, Recipient prefers to have its Project Improvements benefit from ICIP rather than from Agency Formula PILOT, then, the Agency will *not* exempt the Project Facility from Current Taxes. Upon such election, PILOT will *not* be payable under this Policy.

from the old lender to the new lender, the Agency will not object to such assignment or the continued exemption that it facilitates subject to the following:

- If the indebtedness secured by the refinancing mortgage is greater than the outstanding principal balance of the mortgage being refinanced (i.e., there is “new money”), the Recipient shall at the time of the closing of such refinancing mortgage remit to the Agency a PILOMRT with respect to such “new money;” and
- if the maturity of the indebtedness secured by the refinancing mortgage exceeds the Financial Assistance Term, the Recipient shall at the time of the closing for the refinancing remit to the Agency a PILOMRT in connection with such longer maturity; and
- if the Financial Assistance Term terminates before its expiration, at the time of such earlier termination the Recipient shall remit to the Agency a supplemental PILOMRT on the outstanding principal balance of the mortgage at such time.

4. Exemption from Sales and Use Taxes. Personal property that is in connection with an Industrial Project shall be exempt from City and State sales and use taxes for the period commencing with the Closing and ending on the date (as such date may be extended in the sole discretion of the Staff) by which Project Documents require completion to occur in respect of the Construction of New Improvements or the Renovation of Improvements or other Project activities (as the case may be). For purposes of this exemption, “personal property” may include building materials, fixtures, furnishings and equipment, as well as certain services that may relate to any of the foregoing, all as further provided (by the Staff in its sole discretion) in the forms of sales-tax exemption letters used by the Agency.

#### **B. Civic Facility Projects.**

Provided that, with respect to Civic Facility Projects, Financial Assistance in the form of conduit-issued debt is also being provided, either by the Agency or by the New York City Capital Resource Corporation, then, the Agency’s policy for providing additional Financial Assistance to such Civic Facility Projects shall be as follows:

1. Exemption from Real Property Taxes. Project Facilities shall receive no exemptions through the Agency from Current Taxes.
2. Exemption from Recording Fees. Project Documents shall be exempt from recording fees.
3. Exemption from Mortgage Recording Taxes. Project mortgages shall be exempt from City and State mortgage recording taxes in the same manner and to the same extent as Project mortgages in connection with Industrial Projects; *provided, however,* that Recipients in Civic Facility Projects shall not be obligated to make PILOMRTs.

(In connection with this exemption, please see Section "IV" of *Appendix C, Compliance Criteria for Private Schools.*)

4. Exemption from Use and Sales Taxes. Personal property, even if in connection with the Project, shall receive no exemptions from City and State sales and use taxes through the Agency.

### **C. Industrial Developer Projects Located in a Zone.**

The Agency's policy for providing Financial Assistance to Industrial Developer Projects, other than Financial Assistance in the form of conduit-issued debt, shall be as follows:

1. Exemption from Real Property Taxes. Project Facilities shall receive no exemptions through the Agency from Current Taxes.

2. Exemption from Recording Fees. Project Documents shall be exempt from recording fees.

3. Exemption from Mortgage Recording Taxes. Project mortgages shall be exempt from City and State mortgage recording taxes in the same manner and to the same extent as Project mortgages in connection with Industrial Projects; and the obligation to pay PILOMRTs, as applicable, shall like-wise be the same.

4. Exemption from Sales and Use Taxes. Personal property that is in connection with an Industrial Developer Project located in a Zone shall be exempt from City and State sales and use taxes for the period commencing with the Closing and ending on the date (as such date may be extended in the sole discretion of the Staff) by which Project Documents require completion to occur in respect of the Construction of New Improvements or the Renovation of Improvements or other Project activities (as the case may be). For purposes of this exemption, "personal property" may include building materials, fixtures, furnishings and equipment, as well as certain services that may relate to any of the foregoing, all as further provided (by the Staff in its sole discretion) in the forms of sales-tax exemption letters for use by the Agency.

### **D. Commercial Growth Projects; Governmental Bond Projects; Hudson Yards Commercial Construction Projects.**

The Agency's policy for providing Financial Assistance, other than Financial Assistance in the form of conduit-issued debt, shall be as follows:

1. Commercial Growth Projects and Governmental Bond Projects. Commercial Growth Projects and Governmental Bond Projects shall receive such tax exemptions as the Staff determines in its sole discretion upon approval of the Board.

2. Hudson Yards Commercial Construction Projects. Hudson Yards Commercial Construction Projects shall receive tax exemptions in the manner and to the extent prescribed in *Appendix E.*

### **E. All other Projects.**

The Agency's policy for providing Financial Assistance, other than Financial Assistance in the form of conduit-issued debt, to all other Projects or projects shall be as follows:

1. Liberty Bond Projects. Other than the issuance of Liberty Bonds, the Agency shall provide no Financial Assistance to Liberty Bond Projects.
2. Developer Projects. Other than for Industrial Developer Projects located in a Zone, the Agency shall provide no Financial Assistance to Developer Projects.
3. Commercial Projects. Other than for Commercial Growth Projects, the Agency shall provide no Financial Assistance to Commercial Projects.
4. Other Projects. The Agency shall provide no Financial Assistance to any other project.

### **III. DEVIATIONS**

#### **A. Requirements for Deviation.**

1. Statute. The Agency may deviate from the provisions of this Policy, provided that each such deviation (except as provided in Sub-section "B.2." below) shall be in accordance with the requirements of this Article III and the requirements of Section 874(4)(c) of the Statute.
2. Board Approval. The Staff must obtain the Board's approval for all deviations, and, in order to provide a basis for deliberating the necessity and advisability of a proposed deviation, the Staff must present to the Board, in writing, the following information and conclusions for its consideration:
  - the content of the deviation,
  - the reason why the deviation is needed, and
  - the disadvantage to the City if the Project should not proceed.

#### **B. Deviation from this Policy.**

1. Generally. A deviation from this Policy is a substantive departure from any one or more of the following standards set forth in this Policy:
  - the requirements and conditions for obtaining Financial Assistance;
  - the extent to which Financial Assistance is available and its amount;

- the kinds of Projects for which Financial Assistance generally (or categories of Financial Assistance specifically) is available.

2. Deviations Not Subject to this Article III. Staff in its sole discretion may, without fulfilling the requirements of this Article III, cause the Agency to deviate from the recapture requirements of Article IV when the deviation in question is (i) necessitated by law, or (ii) minor in nature, or (iii) necessary to avoid undue hardship to the Recipient.

3. Diminished Financial Assistance. Notwithstanding anything that may be implied to the contrary in this Article III, offering Financial Assistance which is less than what is available under this Policy, shall not constitute a deviation from this Policy. For example (but not by way of limitation), the following scenarios will not be deemed deviations: (i) the Agency may require a Recipient to pay a PILOT in substitution for an exempted tax for which this Policy otherwise requires no PILOT at all; (ii) a recapture period, which is longer than what is required under this Policy, may be imposed upon a Recipient. Notwithstanding the foregoing, offering Financial Assistance for Hudson Yards Commercial Construction Projects that is less than the Financial Assistance provided for in *Appendix E*, shall constitute a deviation from this Policy.

4. Increased Recapture Not a Deviation. Notwithstanding anything that may be implied to the contrary in this Article III, none of the following shall constitute a deviation from this Policy: (x) any increase in the amount of principal of Financial Assistance to be recaptured; or (y) any increase in the amount of interest to be accrued on such principal over and above the principal and interest provided for in Article IV; or (z) any increase in the duration of the recapture period as provided for in Article IV.

#### **IV. RECAPTURE OF FINANCIAL ASSISTANCE**

##### **A. General.**

Upon the occurrence of a recapture event occurring during a recapture period, there shall be recapture of Financial Assistance; and, in addition, the Recipient shall pay interest with respect to the principal of such recaptured Financial Assistance, all in accordance with the requirements of this Article IV.

##### **B. Recapture Period.**

1. For Commercial Growth Projects, Governmental Bond Projects, and Hudson Yards Commercial Construction Projects. For Commercial Growth Projects and Governmental Bond Projects, the recapture period shall be determined by the Staff in its sole discretion. For Hudson Yards Commercial Construction Projects, the recapture period shall be determined in accordance with *Appendix E*.

2. For Industrial Projects, Industrial Developer Projects Located in a Zone and Civic Facility Projects. For Industrial Projects, Industrial Developer Projects located in a Zone, and Civic Facility Projects, the recapture period shall be a period of ten years, commencing on the earlier to occur of (y) completion of Project activities or (z) the required date set forth in Project Documents for the completion of Project activities, and expiring at the end of

the tenth, full year after such date.

3. For Liberty Bonds. None.

### C. Recapture Events.

1. For Industrial Projects and Civic Facility Projects. For Industrial Projects and Civic Facility Projects, the following shall constitute recapture events:

- failure to complete the Construction of New Improvements or the Renovation of Improvements or any other Project activity;
- liquidation of substantially all of the Recipient's operating assets and/or cessation of substantially all of the Recipient's operations;
- relocation of all or substantially all of Recipient's operations at the Project facility to another site, or the sale, lease or other disposition of all or substantially all of the Project Facility;
  - *Notwithstanding the foregoing*, if the Recipient relocates its operations at the Project facility to a site located within the City, such relocation shall not be a recapture event if (i) the Recipient maintains, for the balance remaining of the recapture period, an employment level equal to at least 90% of the number of employees employed by the Recipient before the time it relocated its operations, and (ii) the Recipient satisfies such other additional conditions as the Agency may in writing impose; *provided, however*, that the following conditions are satisfied:
    - the Recipient's failure to continuously satisfy the foregoing conditions shall be considered another recapture event in addition to those set forth in this Sub-section "1"; and
    - the determination of the 90% employment level shall be done in a manner that the Agency deems satisfactory in its sole discretion.
  - *Notwithstanding further*, if prior to sale, lease or other disposition of a Recipient's Project Facility (and notwithstanding such sale, lease or other disposition), the Recipient requests that its Project, including Financial Assistance, continue for the remaining balance of the Project's Financial Assistance Term; and if the Agency does so consent in accordance with Sub-section I.J. of this Policy; *then*, whether or not the Recipient shall be liable for recapture under such circumstances (and if so liable, for what amounts and at what

interest, if any) shall be decisions made within the sole discretion of the Staff.

- transfer of a substantial number of the Recipient's jobs from the Project Facility out of the City;
- sublease of all or part of the Project facility in violation of Project Documents; or
- substantial change in the scope and nature of the Recipient's operations.

2. For Commercial Growth Projects. For Commercial Growth Projects, recapture events shall, at a minimum, include the failure of the Recipient to employ a specified number of employees within the City, and/or the Recipient's failure to maintain its corporate headquarters or other specified business units in the City. Additional recapture events (if any) shall be determined by the Staff in its sole discretion.

3. For Industrial Developer Projects Located in a Zone. For Industrial Developer Projects located in a Zone, failure to complete the Construction of New Improvements or the Renovations of New Improvements or other Project activity by the date specified in the Project Documents (as such date may be extended by the Staff in its sole discretion) shall be a recapture event. In addition, failure during the Financial Assistance Term to maintain Industrial Tenant occupancy of at least 75% of the Project real property's usable space shall be an additional recapture event; subject, however, to reasonable allowances, as determined in the sole discretion of the Staff, for vacancies during Project construction, initial Project rent-up, casualty events, and the period immediately following the expiration or earlier termination of an Industrial Tenant's lease.

4. For Governmental Bond Projects. Recapture events for Governmental Bond Projects, shall be determined by the Staff in its sole discretion.

5. For Hudson Yards Commercial Construction Projects. Recapture events for Hudson Yards Commercial Construction Projects shall be those specified in *Appendix E*, and, to the extent not specified in *Appendix E*, they shall be determined by Staff in its sole discretion.

6. For Liberty Bond Projects. None.

#### **D. Financial Assistance to be Recaptured.**

With respect to all Projects, the Financial Assistance to be recaptured by the Agency upon the occurrence of a recapture event during a recapture period shall be an amount equal to all or part of the difference between (i) Current Taxes or other taxes that the Recipient would have paid with respect to Project property had such taxes not been exempted through the Agency, and (ii) the PILOT which the Recipient in fact did pay in substitution for such Current Taxes or other taxes. In the event a Recipient paid no PILOT, the Financial Assistance to be recaptured shall be all or part of the entire amount of the exempted taxes in question.

For purposes of this Policy, it is presumed that tax-exempt conduit debt financing, while included by the Statute within the definition of Financial Assistance, does not provide a benefit that is amenable to recapture and therefore, under this Policy, the income tax revenues lost to taxing jurisdictions on account of the tax-exempt status of debt interest will not be included in the Financial Assistance principal that may be recaptured. For instance, in the case of Liberty Bond Projects, where the only Financial Assistance provided is tax-exempt financing, the recapture of Financial Assistance shall be deemed inapplicable.

**E. Amount of Financial Assistance to be Recaptured and Interest to be Applied.**

1. For Civic Facility Projects, Industrial Projects, and Industrial Developer Projects located in a Zone. Upon the occurrence of a recapture event with respect to a Civic Facility Project, an Industrial Project, or an Industrial Developer Project located in a Zone, the Agency shall cause the Recipient to pay the following amounts as recapture:

*I. Financial Assistance to be recaptured by the Agency and paid by Recipient:*

- For years 1 through 6 of the recapture period, the Agency shall recapture 100% of the Financial Assistance which it has provided to the Recipient;
- During year 7 of the recapture period, the Agency shall recapture Financial Assistance as reduced, cumulatively, by 1.666% each month, so that by the twelfth month of year 7, the Agency shall recapture 80% of Financial Assistance;
- During year 8 of the recapture period, the Agency shall recapture Financial Assistance as reduced, cumulatively, by 1.666% each month, so that by the twelfth month of year 8, the Agency shall recapture 60% of Financial Assistance;
- During year 9 of the recapture period, the Agency shall recapture Financial Assistance as reduced, cumulatively, by 1.666% each month, so that by the twelfth month of year 9, the Agency shall recapture 40% of Financial Assistance;
- During year 10 of the recapture period, the Agency shall recapture Financial Assistance as reduced, cumulatively, by 1.666% each month, so that by the twelfth month of year 10, the Agency shall recapture 20% of Financial Assistance;

*II. Interest to be paid by the Recipient to the Agency with respect to the principal of recaptured Financial Assistance:*

- From the date of receipt of Financial Assistance to the date on which recapture is due pursuant to Agency demand, interest shall accrue at the statutory judgment rate<sup>5</sup> applicable on the date of the Agency's demand, compounded daily, but in

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<sup>5</sup> 9% at the time of the approval of this Policy.



no event shall the resulting effective rate of interest exceed the maximum interest rate permitted by law.<sup>6</sup>

- If Recipient fails to pay the recapture principal of Financial Assistance and the accrued interest thereon (collectively, the “aggregate amount”) on or before the date when such amounts are due, then, from such due date, interest on the aggregate amount shall accrue at a rate set by Staff in its sole discretion, but in no event shall such interest be less than the effective interest rate resulting from the statutory rate compounded daily.

2. For Commercial Growth Projects and Governmental Bond Projects. Upon the occurrence of a recapture event in respect of a Commercial Project (Retention) or a Governmental Bond Project, the Agency shall recapture such Financial Assistance, together with such interest, as Staff determines in its sole discretion.

3. For Hudson Yards Commercial Construction Projects. Upon the occurrence of a recapture event in respect of a Hudson Yards Commercial Construction Project, the Agency shall recapture Financial Assistance, together with interest, in the manner and to the extent set forth in *Appendix E*.

4. For Liberty Bond Projects. None.

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<sup>6</sup> 16% at the time of the approval of this Policy.

## APPENDIX A

### *Definitions*

**“Abatement Amount”** means:

I. *For all Industrial Project facilities located in a Zone*, an amount equal to 100% of the Current Taxes applicable to the Project Land.

II. *For all other Project Facilities:*

A. For Project Facilities at which all of the employees will be new hires, an amount equal to the product of \$500 and the number of employees that the Recipient reasonably intends, at the time of its application to the Agency for Financial Assistance, to hire at the new Project Facility; provided, however, that for every twelve-month period following the second anniversary of commencement of operations at the new Project Facility, the Abatement Amount (as defined herein) shall be the lesser of (aa) the original Abatement Amount based on the Recipient's intended number of employees at time of application, and (bb) the actual number of employees employed by the Recipient at the Project Facility on the date of such two-year anniversary; and

B. For Project Facilities at which the employees to be employed by the Recipient are employees already employed by the Recipient at the time of application, an amount equal to the product of \$500 and the number of such employees at the time of its application to the Agency for Financial Assistance.

For purpose of this definition, an “employee” means one full-time employee or two part-time employees, each working 20 hours per week.

**“Additional Improvements”** means improvements that increase the Assessed Valuation of the Project Facility and for which all of the following conditions have been met: (i) such improvements were not included in the Recipient’s Project budget as presented to the Staff; and (ii) such improvements were not induced by action of the Board; and (iii) such improvements were completed after the agreed-upon completion date (as same may be extended within the sole discretion of the Staff) for the Project Improvements.

**“Agency”** means the New York City Industrial Development Agency.

**“Agency Formula PILOT”** means, for any fiscal year, an amount equal to the sum of Land PILOT and Improvements PILOT.

**“Assessed Valuation”** means, with respect to any fiscal year of the City, the final value ascribed to land and/or improvements or other defined real property (as the context requires) located in the City, by the New York City Department of Finance or any of its successor agencies, including, without limitation, increases arising from market re-evaluations.

**“Board”** means the Board of Directors of the Agency.

**“City”** means The City of New York.

**“Civic Facility Project(s)”** has the same meaning as the definition provided in the Statute for the term, “civic facility.”

**“Closing”** means the date on which the Agency and the Recipient enter into the Project Documents.

**“Commercial Project(s)”** means a Project where the capital asset or assets, which are the subject of the Project, are (or will be after a period of construction, reconstruction and/or renovation) for use primarily by the owners thereof (or their affiliates) in the pursuit of commercial endeavors, as the meaning of the term “commercial endeavors” is determined in the sole discretion of the Staff. As defined herein, “Commercial Project” shall not include Industrial Projects, Governmental Bond Projects, Liberty Bond Projects, Developer Projects (including Industrial Developer Projects located in a Zone), or Hudson Yards Commercial Construction Projects.

**“Commercial Growth Project(s)”** means a Commercial Project for which Financial Assistance is provided on the minimum condition or conditions that for a specified period of time the Recipient shall: (x) employ and maintain in the City a specified number and/or type of employees; and/or (y) maintain its corporate headquarters in the City; and/or (z) maintain other specified business units in the City.

**“Construction of New Improvements”** means, with respect to the Project Land, the construction of new improvements, and (as applicable) the complete demolition of existing improvements; provided that the cost of such new improvements (including the cost of demolition if applicable) equals the greater of

- \$1,000,000 in 2006 dollars as inflated by the Engineering News-Record Building Cost Index or any successor index, OR
- 25% of the combined Assessed Valuation of the land and Existing Improvements.

**“Current Taxes”** means City real property taxes equal to the product of the then-current Assessed Valuation and the applicable then-current tax rate, all as applied to (as the context requires) land, improvements, or other property defined as real property by the City’s Department of Finance.

**“Developer Project”** means a project where the primary use of the real property that is to be acquired and/or constructed and/or reconstructed and/or renovated and/or operated, is or will be the leasing of such real property to tenants. As defined herein, a “Developer Project” shall not include a Liberty Bond Project or a Governmental Bond Project or a Hudson Yards Commercial Construction Project.

**“Existing Improvements”** means improvements existing on Project Land at time of Recipient’s application, including but not limited to foundations and partial foundations. Notwithstanding the forgoing, if Recipient, as part of its Project, demolishes improvements, such demolished improvements shall not be deemed “Existing Improvements” as defined herein.

**“Financial Assistance”** has the same meaning as is provided for the term “financial assistance” in the Statute<sup>7</sup>.

**“Financial Assistance Term”** means, subject to earlier termination in accordance with Project Documents, the following periods of time:

- for Industrial Projects, a period commencing on Closing and expiring twenty-five years after the PILOT Commencement Date;
- for Civic Facility Projects, Liberty Bond Projects, and Governmental Bond Projects, a period commencing at Closing and expiring upon the maturity, or redemption in whole or sooner retirement of the Agency’s bond financing;
- for Commercial Growth Projects, a period determined by the Staff and approved by the Board;
- for Industrial Developer Projects located in a Zone, a period commencing on Closing and expiring ten years thereafter.
- for Hudson Yards Commercial Construction Projects, as provided in *Appendix E*.

**“Governmental Bond Project(s)”** means a Project that is a governmental bond within the meaning of Section 103 and 141 of the Internal Revenue Code of 1986, as amended.

**“Hudson Yards Commercial Construction Project(s)”** has the meaning provided in *Appendix E*.

**“ICIP”** means the City's Industrial and Commercial Incentive Program, or any successor or similar, as-of-right program as may be established for the exemption and abatement of the City's real property taxes for commercial and industrial properties.

**“ICIP Abatement”** means, on account of eligible construction or eligible renovation, a reduction in the Current Taxes of the applicable property prior to such construction or renovation.

**“ICIP Exemption”** means an exemption from Current Taxes of the Assessed Valuation arising from eligible construction or eligible renovation.

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<sup>7</sup> “Financial Assistance shall mean the proceeds of bonds issued by an agency, straight-leases, or exemptions from taxation claimed by a project occupant as a result of an agency taking title, possession or control (by lease, license or otherwise) to the property or equipment of such project occupant or of such project occupant acting as an agent of an agency.” Section 854(14) of the Statute.

**“Improvements PILOT”** means, with respect to Project Improvements as determined for each fiscal year within the Financial Assistance Term, an amount equal to the lesser of Current Taxes in such year and Stabilized Taxes in such year, subject, however, to the following: for any of years 22, 23, 24 or 25 of the Financial Assistance Term, if, pursuant to the previous sentence, the Improvements PILOT is deemed to equal Stabilized Taxes, Improvements PILOT shall additionally and respectively include for such years, 20%, 40%, 60% and 80% of the differential between the applicable year’s Current Taxes and Stabilized Taxes.

**“Industrial Developer Project”** means a Developer Project in which Industrial Tenants rent (or will rent after a period of construction, reconstruction and/or renovation) at least 75% of the usable space.

**“Industrial Project(s)”** means a Project where the capital asset or assets, which is the subject of such Project, is for use (or will be for use after a period of construction, reconstruction and/or renovation) by the owners or lessees thereof (and/or by affiliates of such owners or lessees) in the pursuit of one or more of the following activities: (i) manufacturing, assembling, processing, recycling, disposing, warehousing and/or distributing of tangible property, including (but not limited to) waste materials; and/or (ii) the creation (including research therefor) of the following forms of intangible property: (aa) computer software; and/or (bb) the formulas and processes needed to create new medicines and drugs; and/or (cc) new processes having mechanical, electrical, chemical, biological, engineering and other technological applications; and (dd) plans and prototypes for new machinery, equipment, instruments, components and other devices, including but not limited to medical equipment. As defined herein, “Industrial Project” may include a dock or wharf to be substantially used for any of the activities described in this definition.

**“Industrial Tenant”** means an entity that leases a portion of a Project Facility for its own use and occupancy and for purposes that are consistent with the operation of an Industrial Project.

**“Land PILOT”** means in any fiscal year within the Financial Assistance Term, an amount equal to Current Taxes that would otherwise be payable for such year with respect to Project Land, less the relevant Abatement Amount, provided such difference shall never be less than zero, subject, however, to the following: for each of years 22, 23, 24, and 25 of the Financial Assistance Term, “Land PILOT,” as defined herein, shall additionally and respectively include for such years, an amount equal to 20%, 40%, 60%, and 80% of the differential between the Current Taxes (payable with respect to the Project Land) and the applicable year’s Abatement Amount; or, if for any of years 22, 23, 24, and 25 of the Financial Assistance Term, “Land PILOT,” as otherwise calculated pursuant hereto, shall equal zero, “Land PILOT,” as defined herein, shall instead be deemed to equal, respectively, 20%, 40%, 60% and 80% of such year’s Current Taxes (payable with respect to the Project Land).

**“Liberty Bond Project(s)”** means a Project that qualifies for tax-exempt bond financing under Section 1400L(d) of the Internal Revenue Code of 1986, as amended.

**“PILOMRT”** means a payment where (a) the payor and the payee are the Recipient and the Agency, respectively, and (b) the payment is a PILOT, and (c) the “taxes” are City and State mortgage recording taxes, and (d) such taxes are otherwise payable upon the recording of a mortgage on a Project Facility, and (e) the terms of the payment are as follows:

- (i) the due date of the payment is the closing date of the of the mortgage loan; and
- (ii) the amount of the payment equals the following, as applicable -
  - the product of (aa) the amount by which the principal balance of the refinancing mortgage exceeds the outstanding principal balance of the mortgage being refinanced (i.e., “new money”), and (bb) the mortgage recording tax rate applicable at the time of the closing of the mortgage loan; and
  - net present value of the product of (aa) the future, unamortized principal balance of the mortgage upon expiration of the Financial Assistance term, and (bb) the mortgage recording tax rate applicable at the time of the closing of the mortgage loan, *less*, any PILOMRT previously remitted other than PILOMRT in connection with “new money”; and
- (iii) “net present value” for purposes of this definition shall be the discount rate in effect at the time of payment as determined by the Staff in its sole discretion from time to time;

*provided, however*, that when a Recipient pays a PILOMRT, and then subsequently the Financial Assistance Term terminates before its date of expiration, the term “PILOMRT” (as defined herein) shall also mean a supplemental payment, due upon such earlier termination, that is equal to a PILOMRT on the principal balance outstanding on such termination date, *less*, any PILOMRT previously remitted other than PILOMRT in connection with “new money.” For purposes of such supplemental PILOMRT, the mortgage recording tax rate shall be the rate applicable at the time of the earlier termination.

**“PILOT”** means payments-in-lieu of taxes, where “taxes” shall be Current Taxes.

**“PILOT Commencement Date”** means the date on which the Project Facility becomes exempt from Current Taxes and subject to PILOT; and such date shall never be earlier than the July 1 following the January 5 that follows the Closing.

**“Policy”** means this Uniform Tax Exemption Policy.

**“Private Schools”** means private, not-for-profit elementary and/or secondary schools providing education for any or all of grades kindergarten through 12, but not including those schools where at least 85% of tuition and/or costs are reimbursed by the New York City Department of Education and/or the New York State Education Department.

**“Project(s)”** means, as the context requires, one or both or all of the following:

- a facility described in the definition of “project” as such definition is provided in the Statute,

**AND/OR**

- one or more of the following activities, provided such activity or activities is in connection with a “project” as defined in the Statute, and further provided that the Agency’s Board of Directors has adopted a resolution inducing such activity or activities:
  - ◆ the acquisition of title to, or equivalent ownership in, or leasehold interest in, a capital asset, together with activities ancillary thereto,
  - ◆ the Renovation of Improvements, together with activities ancillary thereto, and
  - ◆ the Construction of New Improvements, together with activities ancillary thereto.

**AND/OR**

- all or any one of the following:
  - ◆ Commercial Growth Projects
  - ◆ Industrial Projects
  - ◆ Civic Facility Projects
  - ◆ Hudson Yards Commercial Construction Projects
  - ◆ Liberty Bond Projects
  - ◆ Governmental Bond Projects
  - ◆ Industrial Developer Projects located in a Zone

**“Project Document(s)”** means the documents and instruments necessary to provide Financial Assistance to a Recipient and to satisfy all conditions and requirements of the Statute and other relevant law.

**“Project Facility”** means, collectively, (a) Project Land, and (b) Existing Improvements (if any), and (c) Project Improvements (if any), and (d) Additional Improvements (if any).

**“Project Improvements”** means improvements induced by Financial Assistance and resulting from the Construction of New Improvements or the Renovation of Improvements, as the case may be.

**“Project Land”** means the site within the City that is the subject of the Recipient’s application to the Agency for Financial Assistance and the premises on which the Recipient’s intended Project is to occur. \*

**“Recipient”** means a person or entity that has applied to the Agency, and has been approved by the Board, to receive Financial Assistance in connection with the Recipient's proposed Project.

**“Renovation of Improvements”** means the renovation, improvement, repair, reconstruction or other construction to Existing Improvements, including but not limited to partial demolition; provided, however, that the cost of such renovation, improvement, repair, reconstruction or other construction equals the greater of:

- \$1,000,000 in 2006 dollars as inflated by the Engineering News-Record Building Cost Index or any successor index OR
- 25% of the combined Assessed Valuation of the land and Existing Improvements.

**“Stabilized Taxes”** means an amount equal to the then-Current Taxes applicable to Existing Improvements located on Project Land at Closing. If there are no Existing Improvements at such time, such amount shall equal zero. Notwithstanding the definition of “Assessed Valuation” herein, “Stabilized Taxes” (as defined preceding) for Project Land shall be deemed for purposes hereof not to increase during the Financial Assistance Term as a result of market re-evaluations that are otherwise part of Assessed Valuations for real property located in the City.

**“Staff”** means staff of the New York City Economic Development Corporation.

**“State”** means the State of New York.

**“Statute”** means the New York State Industrial Development Agency Act, constituting Title 1 of Article 18-A of the General Municipal Law, Chapter 24 of the Consolidated Laws of New York, as amended, together with Section 917 of the General Municipal Law, as amended.

**“Zone(s)”** means all, or any one of, Empire Zones, Empowerment Zones and/or Industrial Business Zones, as the boundaries for any of the foregoing may be determined from time to time in accordance with law. Neither the “Hudson Yards UTEP Area,” as that term is defined in *Appendix E*, nor the New York Liberty Zone, shall qualify as a “Zone” (as defined herein) except to the extent that a duly designated Zone (as defined in the previous sentence) includes all or part of the Hudson Yards UTEP Area or the New York Liberty Zone.



## APPENDIX B

### *Not-for-Profit Guidelines*

The Agency will consider providing Financial Assistance to a not-for-profit applicant if the applicant's proposed Project meets all of the following criteria:

1. But for the availability of tax-exempt financing through the Agency, the Project would either not proceed as structured, or resources of the applicant otherwise available for continued or enhanced services would instead be applied to the Project.
2. The Project will either:
  - a. retain or create jobs;
  - b. continue or augment services to a needy population;
  - c. promote a purpose that would not be feasible if undertaken on a for-profit basis;
  - d. provide a service that will reduce the City's cost of providing that service, thus promoting efficiency and resulting in cost savings to the City;
  - e. continue or enhance the quality of cultural life in the City; OR
  - f. encourage substantial employment and capital investment in geographic areas in which the City seeks to promote economic development.

If the Project qualifies under sections 2 c or e above (but under no other provision of section 2), the applicant must demonstrate that it has provided or will commit to provide services, assistance and/or access to its facilities to disadvantaged City residents. Such community service must be meaningful and ongoing in the judgment of the Board and may be rendered through the applicant's principal or ancillary operations.

3. The applicant must demonstrate that it is expected to be able to service the proposed debt.
4. Except to the extent permitted by law, the applicant shall not discriminate on the basis of race, color, religion, sex, age, national or ethnic origin, or disabilities in employment matters, the providing of services, or otherwise in the administration of its programs and operations.
5. If the proposed Project is for a Private School, then, in addition to satisfying the foregoing requirements set forth in sections 1, 2, 3 and 4 above, the applicant shall additionally demonstrate that it satisfies and/or will satisfy the requirements set forth in *Appendix C, Compliance Criteria for Private Schools*.

## APPENDIX C

### *Compliance Criteria for Private Schools*

To receive Financial Assistance, a Private School must meet the following criteria:

- I. At least 20 percent of the total enrollment of the Private School must consist of New York City residents.
- II. Without in any way limiting the application and generality of Section 4 of *Appendix B, Not-for-Profit Guidelines*, the Private School shall not discriminate in admissions, hiring, the granting of scholarships or loans, or the administration of educational policies generally.
- III. A Private School providing education to grades 9 through 12 must be registered with the New York State Department of Education and, in addition, if such Private School is formed under the Education Law of the State of New York, it must also be chartered by the New York Board of Regents. A Private School providing education to any of grades "K" through 8 must either be (i) registered with the New York State Department of Education, or (ii) evaluated by an independent professional (acceptable to the Staff in its sole discretion) as providing an education equivalent to that provided by public schools in the State of New York.
- IV. In those instances where a Private School (i) requests the Agency to encumber the Project premises with one or more mortgages to secure Project financing, and (ii) records such mortgage(s), and (iii) has net assets per student of more than \$20,000 (at time of application as determined by the Private School's last financial statements), then, such Private School shall pay to the Agency a fee equal to 2.55 percent of the aggregate amount of the Project mortgage(s); provided, however, if such aggregate mortgage amount is less than \$500,000, the fee payable to the Agency shall be 2.05 percent of such aggregate mortgage amount.

Any Private School whose maximum tuition is equal to or greater than 75 percent of the Agency Average Maximum Tuition (AAMT)<sup>8</sup>, must satisfy the requirements described in paragraphs V, VI, VII and VIII following:

- V. A. Financial aid equal to at least 10 percent of the Private School's gross tuition revenues must be made available to and used by students who are New York City residents; and

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<sup>8</sup> The "AAMT" or "average annual maximum tuition" for Private Schools shall be calculated annually for each, upcoming academic year by September 1, based upon the tuitions of Private Schools for which the Agency had issued bonds through the end of the preceding fiscal year ending on June 30. For September 1, 2006 through August 31, 2007, 75% of AAMT has been calculated to be \$20,184.

- B. At least 10 percent of students who are both New York City residents and recipients of financial aid, must each receive financial aid equal to or greater than 50 percent of tuition.
- VI. The Private School must provide, prior to authorization by the Board, a written plan that demonstrates an existing or planned commitment to aid the public school system through the sharing of its facilities with public schools in the City.
- VII. A. The Private School's board of directors (or trustees) shall have adopted, or shall directed staff to develop and present for adoption, a program of community service in addition to the activities described in Section VI. The program of community service shall be carried out by some combination of the Board members, administrators, faculty, parents, and students. Where, appropriate, the plan should include quantifiable objectives.
- OR**
- B. The Private School must have on staff a full-time paid staff member to coordinate its community service activities and the activities in Section VI above. Where appropriate, quantifiable objectives should be stated for all activities.
- VIII. If the Private School is not in compliance with the requirements of Section V, it must agree in writing to meet those requirements within 5 years following the first academic year in which substantial occupancy<sup>9</sup> of the Project Facility is achieved.
- IX. The applicant must, in the Project Documents, agree to fulfill these Criteria throughout the Financial Assistance Term.

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<sup>9</sup> "Substantial occupancy" means the first academic year when the Project Facility is opened for use and made available to at least 50 percent of the student enrollment intended to occupy the Project Facility.

## APPENDIX D

### New York Liberty Bond Program

#### SELECTION REQUIREMENTS and CRITERIA

##### *For the Selection of Projects for Liberty Bond Financing*

#### A. *Requirements and Criteria for all Projects, whether inside or outside of the Liberty Zone.*

To be selected for Liberty Bond financing, a project must *satisfy* all of the following requirements :

- **Adherence to applicable *Program Principles*. The *Program Principles* are :**

*To fulfill the vision of lower Manhattan as a 24/7, mixed-use, diversified community and support the City's broader revitalization, the Program seeks to:*

- Repair and replace damaged and destroyed commercial space and improve lower quality commercial space;
- Create additional multifamily residential rental and complementary retail development in Lower Manhattan;
- Provide modern office space for displaced and decentralizing businesses in central business districts throughout the City;
- Attract new residents and employers to the City;
- Encourage environmentally responsible design and construction.

- **Submission of a complete application together with application fee**

- **Satisfaction of statutory requirements for an "eligible" facility**

- **Liberty Bond proceeds may *not* be used for costs of repair and replacement already covered by insurance proceeds, except when such insurance proceeds are applied to the satisfaction of existing mortgage indebtedness on the damaged premises, and such application does not affect the tax-exempt status of the Liberty Bonds.**

#### B. *Additional Requirements and Criteria for Projects located outside the Liberty Zone.*

1. In addition to fulfilling the requirements and criteria set forth in "A." above, in order to be selected for Liberty Bond financing, projects outside of the Liberty Zone *must* satisfy the following additional criterion:

- **Demonstrated contribution to the economic recovery and/or expansion of a region<sup>10</sup> within the City or of the City as a whole;** *consistent with the purpose of the federal legislation that enables Liberty Bond financings, it is presumed that the development of commercial office space will be the highest priority.*
2. In addition to fulfilling the criterion immediately preceding, projects located outside the Liberty Zone are more likely to be selected if they are qualitatively distinguished.
- **Some example indicia of qualitative distinction follow:**
    - Creating or retaining a significant number of jobs;
    - Incorporating environmentally responsible design;
    - Providing public amenities;
    - Providing goods or services not generally available in the region.

**C. *Special Requirements and Criteria for Industrial Projects outside of the Liberty Zone.***

Manufacturing, warehousing, distribution and other industrial facilities, tend to be capital intensive with only modest job creation potential. While for the most part the law would allow these facilities to be financed with Liberty Bonds, industrial uses tend to fall outside of the central principles for Liberty Bond financing, which are to replace lost commercial office space and lost residential and retail space. In addition, generous incentive programs are already in place to support the development of such facilities. Nevertheless, since industrial facilities are an important part of New York City's economy, the City and State will entertain applications for financing industrial projects located outside of the Liberty Zone, provided such facilities satisfy *all* of the requirements and criteria provided below (in addition to the general project requirements specified in "A" and "B" above):

- Project development cost for the facility shall equal at least 20MM dollars.
- The project facility will either...
  - create new jobs and retain existing jobs in the minimum aggregate amount of 200, or
  - create a minimum of 50 new jobs within twelve months of project completion.
- The operation of the project facility, or its particular location (in the area outside of the Liberty Zone), serves, supports or complements, in an essential way, an economic sector of the City, or attracts new economic participants to that sector.
- The project facility will have a significant "spin-off" or multiplier effect on the City's economy.

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<sup>10</sup> For purposes of this criterion, a "region" could be any of the five Boroughs, or any significant area within the City but not necessarily limited to the boundaries of a specific Borough.

The applicant for Liberty Bond financing for an industrial project may not also apply under the Industrial Incentive Program or the Small Industry Incentive Program of the New York City Industrial Development Agency.

**D. *Special Requirements and Criteria for Energy Projects outside of the Liberty Zone.***

It is recognized that a reliable and competitively priced energy supply is essential to the health of the City's economy; and, in particular, to the economic recovery of lower Manhattan within the Liberty Zone. Accordingly, merchant power projects - for either generation or transmission of electricity - that are proposed to be located outside the Liberty Zone, will be considered for Liberty Bond financing, but only if the following requirements are met (in addition to the general project requirements specified in "A" and "B" above):

- The facility proposed to be constructed will not, once operational, be a public utility subject to cost-of-service regulation or be owned, in whole or in part, by a public authority; and
- The facility proposed to be constructed will have the capacity to significantly enhance the City's energy infrastructure by (i) increasing energy transmission to, or the generation of energy within, the City by a minimum of 75 megawatts ("MW") (developers submitting projects smaller than 75 MW can aggregate their projects to reach the 75 MW minimum), and (2) demonstrating that Liberty Bond financing will make the construction of the independent power or transmission project possible and/or that the project will provide discounted electricity to or funding to other initiatives designed to lower the price of electricity in, lower Manhattan; and
- The facility has progressed sufficiently in development that a bond issuance will be possible prior to the conclusion of the Liberty Bond program; e.g., developers of power plant projects subject to Article X of the Public Service Law should have submitted an application that has received a completeness determination from the New York State Siting Board; developers of power plant projects exempt from Article X should have submitted a sufficiently completed Environmental Assessment Statement such that the New York City Department of Environmental Protection is able to issue a Notice of Intent to Conduct an Environmental Review pursuant to the State Environmental Quality Review Act (SEQRA); and transmission line developers should have submitted an application pursuant to Article VII of the New York State Public Service Law that has received a completeness determination from the New York State Public Service Commission.

**E. *Special Requirements and Criteria for Parking Facilities outside of the Liberty Zone.***

In addition to the general project criteria specified in "A" and "B" above, a project that is proposed to be located outside of the Liberty Zone and which consists exclusively of or contains parking facilities, must meet all four of the criteria below before it may be authorized for Liberty Bonds.

## APPENDIX E<sup>11</sup>

### TAX EXEMPTION POLICY FOR THE HUDSON YARDS UTEP AREA

#### I. Certain Definitions

Capitalized Terms used and not otherwise defined herein shall have the meanings set forth in *Appendix A* to this Policy.

“CCP”, “Hudson Yards CCP” or “Hudson Yards Commercial Construction Project” means a project, including real property that is (y) located within the Hudson Yards UTEP Area, and (z) is eligible for Financial Assistance in accordance with Section III of this *Appendix E*.

"CCP Improvements" means, for each Hudson Yards CCP, improvements authorized by the Agency and constructed as part of such Hudson Yards CCP.

"CCP PILOT" means, for any fiscal year, the amount of the payment in lieu of real property taxes payable as calculated in accordance with clause a) of the applicable PILOT formula for such year set forth below in the PILOT Calculation Tables in this *Appendix E*.

“CCP Taxes” means, for each Hudson Yards CCP, the real property taxes that would be payable during the applicable fiscal year, in the absence of any real property tax exemption made available by reason of the Agency’s interest, in respect of CCP Improvements and the land on which such CCP is located.

“Construction Period” means, for each Hudson Yards CCP, the period from the PILOT Commencement Date to the first June 30 after the date on which all CCP Improvements are fully assessed by the Department of Finance of the City in accordance with applicable real property tax assessment procedures or such later date as determined by the Agency in its sole discretion.

“Hudson Yards UTEP Area” means the area of Manhattan bounded by a line beginning at the intersection of Eleventh Avenue and West 30<sup>th</sup> Street, then running along West 30<sup>th</sup> Street to the intersection with Ninth Avenue, then northward to the intersection with West 31<sup>st</sup> Street, then eastward to the intersection with Seventh Avenue, then northward to the intersection with West 33<sup>rd</sup> Street, then westward to the intersection with Eighth Avenue, then northward to the intersection with West 35<sup>th</sup> Street, then westward to a point 150 feet west of the centerline of Eighth Avenue, then northward to the intersection with West 39<sup>th</sup> Street, then eastward to the intersection with Eighth Avenue, then northward to the intersection with West 40<sup>th</sup> Street, then westward to the intersection with Ninth Avenue, then northward to the intersection with West 41<sup>st</sup> Street, then eastward to a point 297 feet distant from the centerline of Ninth Avenue, then northward to the intersection with West 42<sup>nd</sup> Street, then eastward to a point 150 feet west of the centerline of Ninth Avenue, then northward 100 feet, then westward 100 feet, then southward to the intersection with West 42<sup>nd</sup> Street, then westward to the intersection with Tenth Avenue, then northward to the intersection with West 43<sup>rd</sup> Street, then westward to the intersection with Route

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<sup>11</sup> In the event of any conflict between the provisions of this *Appendix E* and any other provisions of this Policy, the provisions of this *Appendix E* shall govern and control.

9A, then south-westward to the intersection with West 42<sup>nd</sup> Street, then south to the intersection with West 41<sup>st</sup> Street, then eastward to the intersection with Eleventh Avenue, then southward to the intersection with West 30<sup>th</sup> Street.

“Other Improvements Taxes” means, for each Hudson Yards CCP, the real property taxes that would be payable during the applicable fiscal year, in the absence of any Financial Assistance, in respect of any assessable real property improvements that are in addition to the CCP Improvements.

“PILOT Amount” shall mean, for any fiscal year, the PILOT amount payable according to the PILOT Calculation Tables below.

“PILOT Commencement Date” means the July 1<sup>st</sup> following the January 5<sup>th</sup> which follows the closing at which the Agency enters into the documents and instruments necessary to provide Financial Assistance in connection with a Hudson Yards CCP.

“PILOT Financial Assistance Term” means, for a Hudson Yards CCP, a minimum period of 35 years and a maximum period of 99 years from the PILOT Commencement Date, as determined by the Staff and approved by the Board.

## II. Financial Assistance Available

- a. Real Property Tax Exemption; Payment in Lieu of Real Property Tax ("PILOT"). From the PILOT Commencement Date to the termination of the PILOT Financial Assistance Term, the real property that comprises a Hudson Yards CCP shall be exempt from real property taxes, and the recipient of Financial Assistance shall pay a PILOT in the amount determined in accordance with the PILOT Calculation Tables set forth in this *Appendix E*.
- b. Sales Tax Exemption; Payments in Lieu of Sales Tax ("PILOST"). The sales tax exemption benefits for Hudson Yards CCPs (i) shall be for a term ending on the earlier of (x) 3 years from the commencement of construction of the CCP Improvements or (y) completion of construction of core and shell of the CCP Improvements, and (ii) shall provide savings of up to 100% of the sales and use taxes on construction materials for the CCP Improvements that would otherwise be due in the absence of exemption through the Agency, unless it is determined on a case by case basis by the Board that no exemption is appropriate. PILOST may be payable, as determined on a case by case basis by the Board, in an amount up to 100% of the sales and use taxes that would otherwise be due in the absence of Financial Assistance.
- c. Mortgage Recording Tax Exemption; Payments in Lieu of Mortgage Recording Tax ("PILOMRT"). The mortgage recording tax exemption for Hudson Yards CCPs shall be for the mortgages securing construction and permanent financing for a Hudson Yards CCP in an amount not to exceed the development costs of the



Hudson Yards CCP. However, the recipient of such Financial Assistance shall be required to make PILOMRT in an amount equal to 100% of the mortgage recording taxes that would otherwise be due. In addition, all mortgages securing the payment of PILOTs in connection with Hudson Yards CCPs shall be exempt from mortgage recording taxes and no payments in-lieu of mortgage recording taxes shall be due in respect thereto.

- d. Continuation of Benefits. In the event that a Hudson Yards CCP is transferred, sold or assigned, the Financial Assistance for such CCP shall remain in effect and be available to the transferees, buyers or assignees of the CCP (including but not limited to transferees in foreclosure), subject to their compliance with the applicable Project Documents and Agency requirements. The original project developer or principal and any transferees, buyers, or assignees of the Hudson Yards CCP shall be jointly and severally responsible for any benefits recapture obligations with respect to benefits realized in connection with the Hudson Yards CCP.
- e. Benefit Recapture and Termination of Eligibility. If a Hudson Yards CCP is not commenced or completed by the applicable dates specified in (or permitted under) the Project Documents, any sales tax exemption benefits received shall be subject to recapture and the project's status as a Hudson Yards CCP shall be subject to termination, in the Agency's discretion.

### III. Eligibility for Financial Assistance

- a. In order to qualify as a Hudson Yards CCP, a project must satisfy each of the following criteria:
  - (i) Hudson Yards UTEP Area. The project must be located within the Hudson Yards UTEP Area.
  - (ii) Commercial Use. The project must consist of new construction of non-residential, commercial facilities either by a developer for leasing to commercial tenants, or by or on behalf of a principal for its own use, of which commercial tenants or such principal, as applicable, shall use and occupy not less than 75% of the usable space for the following uses:
    - 1. as Class A office space and ancillary support space, and/or
    - 2. in furtherance of "commercial purposes" as determined in the sole discretion of the Staff.
  - (iii) Size and Density. The project must satisfy size and density requirements as follows:

1. The project shall be deemed to be of sufficient size and density if the zoning square footage of the project shall equal or exceed 90% of the zoning square footage that is available for commercial use at the site of the project, according to the City's Zoning Resolution, assuming that all floor area bonuses and transfers available under the Zoning Resolution will be utilized; but in no event will any project be less than 1 million zoning square feet if it is to qualify as a CCP.
2. If the project does not satisfy the size and density standard set forth in subparagraph (iii)(1) above, it shall be in the Agency's sole discretion to determine whether the project is of sufficient size and density to qualify as a Hudson Yards CCP, except that the Agency will not consider projects of less than one million zoning square feet. The primary factor for the Agency's determination under this subparagraph shall be whether the proposed project will result in new construction that significantly furthers the objectives of the Agency to assist in the economic development of the City and spur job creation.

#### **IV. Guidelines for PILOT Calculations for Hudson Yards Commercial Construction Projects**

As provided herein, the real property that comprises a Hudson Yards Commercial Construction Project shall be exempt from real property taxes for the PILOT Financial Assistance Term and the recipient of Financial Assistance shall pay a CCP PILOT in the amount determined in accordance with the PILOT Calculation Tables provided below

For purposes of the PILOT calculations, the determination of CCP Taxes (as hereinafter defined) and Other Improvements Taxes (as hereinafter defined) in each fiscal year shall be based on actual real property taxes in such fiscal year. For all Hudson Yards Commercial Construction Projects, the CCP PILOT amount for a particular fiscal year shall never exceed CCP Taxes for such fiscal year.

**PILOT CALCULATION TABLES**

<b>Zone 1 – All Hudson Yards Commercial Construction Projects within the section of the Hudson Yards UTEP Area that is east of the center line of Eighth Avenue</b>	
<b><u>Year of PILOT Agreement</u></b>	<b><u>PILOT Amount</u></b>
Each fiscal year during the Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes
Years 1-4 after Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes
Years 5-19 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year plus, b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes plus, b) Other Improvements Taxes

<b>Zone 2 - All Hudson Yards Commercial Construction Projects within the section of the Hudson Yards UTEP Area that is between the center line of Eighth Avenue and the centerline of Tenth Avenue</b>	
<b><u>Year of PILOT Agreement</u></b>	<b><u>PILOT Amount</u></b>
<b>Hudson Yards CCPs in Zone 2 shall be eligible to receive the Financial Assistance described below until the total square footage of Agency-authorized Hudson Yards CCPs in Zone 3 and Zone 3 Adjacent Developments equals ten million zoning square feet.</b>	
Each fiscal year during the Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes
Years 1-4 after Construction Period	a) 75% of CCP Taxes, plus b) Other Improvements Taxes
Years 5-15 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year, plus b) Other Improvements Taxes
Year 16 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 80% of CCP Taxes, plus b) Other Improvements Taxes
Year 17 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 85% of CCP Taxes, plus b) Other Improvements Taxes
Year 18 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 90% of CCP Taxes plus b) Other Improvements Taxes
Year 19 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 95% of CCP Taxes, plus b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes, plus b) Other Improvements Taxes
<b>Thereafter, Hudson Yards CCPs in Zone 2 shall be eligible to receive the Financial Assistance described below until the total square footage of Agency-authorized Hudson Yards CCPs in Zone 3 and Zone 3 Adjacent Developments equals 15 million zoning square feet.</b>	
Each fiscal year during the Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes

Years 1-4 after Construction Period	a) 80% of CCP Taxes, plus b) Other Improvements Taxes
Years 5-15 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year, plus b) Other Improvements Taxes
Year 16 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 84% of CCP Taxes, plus b) Other Improvements Taxes
Year 17 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 88% of CCP Taxes, plus b) Other Improvements Taxes
Year 18 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 92% of CCP Taxes, plus b) Other Improvements Taxes
Year 19 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 96% of CCP Taxes, plus b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes plus, b) Other Improvements Taxes
<b>Thereafter, Hudson Yards CCPs in Zone 2 shall be eligible to receive the financial Assistance described below until the total square footage of Agency-authorized Hudson Yards CCPs in Zone 3 and Zone 3 Adjacent Developments equals 20 million square feet.</b>	
Each fiscal year during the Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes
Years 1-4 after Construction Period	a) 85% of CCP Taxes, plus b) Other Improvements Taxes
Years 5-15 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year, plus b) Other Improvements Taxes
Year 16 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 88% of CCP Taxes, plus b) Other Improvements Taxes
Year 17 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 91% of CCP Taxes, plus b) Other Improvements Taxes
Year 18 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 94% of CCP Taxes, plus b) Other Improvements Taxes
Year 19 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 97% of CCP Taxes, plus b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes, plus b) Other Improvements Taxes

**Zone 3 – All Hudson Yards Commercial Construction Projects within the section of the Hudson Yards UTEP Area that is west of the center line of Tenth Avenue**

“Zone 3 Adjacent Developments” means development(s) that have been authorized or approved by the Metropolitan Transportation Authority or any of its affiliates or the Empire State Development Corporation or any of its subsidiaries in the areas bounded by (i) West 30<sup>th</sup> and West 34<sup>th</sup> Streets and 11<sup>th</sup> and 12<sup>th</sup> Avenues, and (ii) West 30<sup>th</sup> and West 33<sup>rd</sup> Streets and 10<sup>th</sup> and 11<sup>th</sup> Avenues (collectively, “Zone 3 Adjacent Developments”)

For Zone 3, the following shall apply:

(a) Hudson Yards CCPs in Zone 3 shall be eligible to receive the Financial Assistance described in Category A until the total square footage of Agency authorized Hudson Yards CCPs in Zone 3 and Zone 3 Adjacent Developments equals five million zoning square feet.

(b) After eligibility for Category A has been exhausted, Hudson Yards CCPs in Zone 3 shall be eligible to receive the Financial Assistance described in Category B until the total square footage of Agency authorized Hudson Yards CCPs in Zone 3 and Zone 3 Adjacent Developments equals ten million zoning square feet.

(c) After eligibility for Category B has been exhausted, Hudson Yards CCPs in Zone 3 shall be eligible to receive the Financial Assistance described in Category C until the total square footage of Agency authorized Hudson Yards CCPs in Zone 3 and Zone 3 Adjacent Developments equals fifteen million zoning square feet.

(d) After eligibility for Category C has been exhausted, Hudson Yards CCPs in Zone 3 shall be eligible to receive the Financial Assistance described in Category D until the total square footage of Agency authorized Hudson Yards CCPs in Zone 3 and Zone 3 Adjacent Developments equals twenty million zoning square feet.

(e) If at the time that a Zone 3 Hudson Yards CCP is authorized by the Agency, there is insufficient remaining eligibility in the Zone 3 Category to cover the entire zoning square footage of the CCP, then such CCP shall be treated as partially eligible for such Category and partially eligible for the next Category, and the Zone 3 PILOT for such CCP shall be the total of (X) and (Y) below:

(X) the percentage of the CCP, measured by zoning square footage, that is covered by the remaining eligibility in the Zone 3 Category, multiplied by the applicable PILOT Amount for that Category PLUS

(Y) the percentage of the CCP, measured by zoning square footage, that is not covered by the remaining eligibility in the Zone 3 Category, multiplied by the applicable PILOT Amount for the next Category

<b>ZONE 3- CATEGORY A</b>	
<b><u>Year of PILOT Agreement</u></b>	<b><u>PILOT Amount</u></b>
Each fiscal year during the Construction Period	a) CCP Taxes, plus b) Other Improvements Taxes
Years 1-4 after Construction Period	a) 60% of CCP Taxes, plus b) Other Improvements Taxes
Years 5-15 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year, plus b) Other Improvements Taxes
Year 16 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 68% of CCP Taxes, plus b) Other Improvements Taxes
Year 17 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 76% of CCP Taxes, plus b) Other Improvements Taxes
Year 18 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 84% of CCP Taxes, plus b) Other Improvements Taxes
Year 19 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 92% of CCP Taxes, plus b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes, plus b) Other Improvements Taxes

<b>ZONE 3- CATEGORY B</b>	
<b><u>Year of PILOT Agreement</u></b>	<b><u>PILOT Amount</u></b>
Each fiscal year during the Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes
Years 1-4 after Construction Period	a) 75% of CCP Taxes, plus b) Other Improvements Taxes
Years 5-15 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year, plus b) Other Improvements Taxes
Year 16 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 80% of CCP Taxes, plus b) Other Improvements Taxes
Year 17 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 85% of CCP Taxes, plus b) Other Improvements Taxes
Year 18 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 90% of CCP Taxes, plus b) Other Improvements Taxes
Year 19 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 95% of CCP Taxes, plus b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes, plus b) Other Improvements Taxes

<b>ZONE 3- CATEGORY C</b>	
<b><u>Year of PILOT Agreement</u></b>	<b><u>PILOT Amount</u></b>
Each fiscal year during the Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes
Years 1-4 after Construction Period	a) 80% of CCP Taxes, plus b) Other Improvements Taxes
Years 5-15 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year, plus b) Other Improvements Taxes
Year 16 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 84% of CCP Taxes, plus b) Other Improvements Taxes
Year 17 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 88% of CCP Taxes, plus b) Other Improvements Taxes
Year 18 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 92% of CCP Taxes, plus b) Other Improvements Taxes
Year 19 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 96% of CCP Taxes, plus b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes plus, b) Other Improvements Taxes

<b>ZONE 3- CATEGORY D</b>	
<b><u>Year of PILOT Agreement</u></b>	<b><u>PILOT Amount</u></b>
Each fiscal year during the Construction Period	a) CCP Taxes plus, b) Other Improvements Taxes
Years 1-4 after Construction Period	a) 85% of CCP Taxes, plus b) Other Improvements Taxes
Years 5-15 after Construction Period	a) 103% of the CCP PILOT for the previous fiscal year, plus b) Other Improvements Taxes
Year 16 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 88% of CCP Taxes, plus b) Other Improvements Taxes
Year 17 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 91% of CCP Taxes, plus b) Other Improvements Taxes
Year 18 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 94% of CCP Taxes, plus b) Other Improvements Taxes
Year 19 after Construction Period	a) Greater of 103% of CCP PILOT for the previous fiscal year and 97% of CCP Taxes, plus b) Other Improvements Taxes
Each fiscal year during the remainder of PILOT Financial Assistance Term	a) CCP Taxes, plus b) Other Improvements Taxes

