

() TAX-EXEMPT ISSUE

() TAXABLE ISSUE

Re: Putnam County Industrial Development Agency Applications

Ladies and Gentlemen:

Enclosed please find, in triplicate, applications of the Putnam County Industrial Development Agency (the "PCIDA") for the above-referenced issue. Please be advised that there is a \$250.00 application fee to be paid by the client and to be enclosed with the completed application in order to enable the Industrial Development Agency to proceed with the benefit package.

You will also receive an Engagement Letter which constitutes an explanation of legal fees and costs related to our counsels' work with respect to your project. This Engagement Letter will require an escrow account of \$5,000.00 and our counsel will invoice you monthly on an hourly rate basis for services rendered and deduct it from the escrow account. Should you terminate the agreement or abandon the project, any unused funds will be returned to you. If you have any questions concerning this matter, please contact me.

I advise you that the PCIDA itself does not lend money. Instead, the PCIDA issues bonds for the benefit of the project applicant. The project applicant must find a purchaser of the bonds and agree as to terms and conditions of repayment, interest rate, interim advances during construction, what securities are to be pledged, etc., just as the project applicant and a lender would in any other secured transaction. On filing an application, the project applicant should be fairly secure in knowing where to obtain the requisite moneys.

No work should be commenced or construction contracts entered into or materials ordered or land purchased if any of these expenses are to be included in the bond issue prior to the PCIDA passing an Inducement Resolution and Agreement with the project applicant after an application is filed. To do so may jeopardize the inclusion of the expense of such item in the bond issue.

In completing the application, please note certain material is requested that is required by statute in order to authorize the issuance of the bonds, to wit: the increased employment and your history as to location and why you are expanding or locating in Putnam County. The bonds are issued as an inducement in industrial, commercial and warehousing facilities that presently do not exist in Putnam County, or, if they exist, there is an expansion program contemplated. The bond proceeds cannot be used in any way for refinancing existing mortgages.

Prior to the issuance of the bonds, the project applicant is required to make an agreement in lieu of taxes with all local taxing authorities and furnish the PCIDA with a certified copy of all of the agreements in lieu of taxes. An issue will not close without this document in place.

The processing fees of the PCIDA is one percent (1%) of the estimated project cost for "for profit" projects and one-half percent (1/2%) for "not-for-profit" projects. The project applicant

additionally will agree to pay PCIDA Counsel fees, Bond Counsel fees and other direct expenses of the PCIDA, including, but not limited to, accounting and engineering expenses. The project applicant agrees that such legal fees and other direct expenses of the PCIDA are payable separately from the application and processing fees. The above fees will be payable in full on the sale of the bonds. Failure and neglect to proceed to close will result in pro rata tender of billings.

Upon receiving the application in triplicate in my office, I will convene a subsequent meeting of the PCIDA to meet with the principals personally to discuss the application, as now required by PCIDA policy.

Please note that the PCIDA is under no obligation to act favorably on this application, and the project applicant agrees to release the PCIDA, its members, its staff, its successors and assigns from any claim against the PCIDA that may arise from the PCIDA's processing the application or by the PCIDA's either granting or denying the application.

Because the PCIDA is an exempt organization under the Internal Revenue Code of 1986, as amended, I advise you further that certain benefits will accrue during construction, such as the non-payment of sales taxes on goods purchased for either initial construction or start-up equipment. Furthermore, upon the filing of documents, no mortgage tax will be necessary between the PCIDA and a trustee or bank collecting the moneys during the financing for the repayment of bonds.

In accordance with New York State regulations, you are advised that we are obligated to include a "Recapture of Benefit Provision" in our application (see Page 18 – C-27-4) which details PCIDA procedure to be utilized to recapture benefits given to projects that fail to achieve job creation or other goals established by the applicant.

If I can be of further assistance, please feel free to contact me.

Very truly yours,

Kevin Bailey

Kevin Bailey
Chairman

Enclosures

PLEASE TAKE NOTICE — The PCIDA in certain respects is subject to the Freedom of Information Law or Sunshine Laws of the State of New York. If there are any confidential matters or negotiations for real property taking place that would be adversely affected by revelation of the particulars to the public or media, it is suggested that this matter be discussed with the PCIDA Counsel or personnel directly and not set forth in the initial application unless required by Bond Counsel for the preparation of the Inducement Resolution. Any financial disclosures of the project applicant requested should be marked confidential to ensure their attention as confidential documents. Although the PCIDA does not pass on the project applicant's financial ability to pay, which is the bond purchaser's prerogative, the PCIDA does want to know that the project applicant is a viable business enterprise.

PCIDA

Putnam County Industrial Development Agency

Information and Application

- I. Introduction
- II. PCIDA-Issued Bonds
- III. Sale/Leaseback Transactions
- IV. PCIDA Fees
- V. Application and Environmental Assessment Form

34 Gleneida Avenue Carmel, NY 10512 phone 845-228-8066 fax 845-225-0311

I. INTRODUCTION

The Putnam County Industrial Development Agency (the "PCIDA") is a public benefit corporation of the State of New York created on August 31, 1995, pursuant to Article 18-A, Title 2 of the General Municipal Law of the State of New York, as amended, and Chapter 399 of the Laws of 1987 of the State of New York. Industrial Development Agencies are authorized to promote, develop, encourage and assist in the acquiring, constructing, reconstructing, improving, maintaining, equipping and furnishing of industrial, manufacturing, warehousing, commercial, research and recreation facilities, educational or cultural facilities, railroad facilities, civic facilities owned or occupied by not-for-profit corporations and horse racing facilities, and thereby advance the job opportunities, health, general prosperity and economic welfare of the people of the State of New York and improve their recreation opportunities, prosperity and standard of living. (*New York General Municipal Law, Article 18-A, Title 1*)

II. PCIDA-ISSUED BONDS

The primary way the PCIDA promotes economic growth is through the issuance of tax-exempt or taxable industrial development revenue bonds for businesses that either wish to locate or expand their operations in Putnam County. Machinery and equipment may be financed with PCIDA bonds. In most cases, however, machinery and equipment is financed in conjunction with the purchase of an existing building or the construction of a new facility.

The PCIDA issues the bonds; it does not actually loan the money directly to a company seeking PCIDA assistance. Rather, a financial institution loans the funds to the company through the PCIDA. Typically a bank or underwriter will purchase the bonds and, in effect, make the loan. The company has the responsibility of interesting financial institutions in purchasing the PCIDA's bonds that will finance the project. A PCIDA representative can help arrange these discussions and suggest which financial institutions might be most receptive. The company and the financial institution negotiate the terms and conditions of the loan (e.g., its length, interest rate, etc.) independently of the PCIDA. After a thorough review of the project, the financial institution makes the ultimate credit decision as to whether to purchase the bonds.

The bonds are secured by the financial strength and credit of the application. Normally, the loan is secured by a mortgage on the facility financed with the bonds. The financial institution, however, may require additional guarantees and collateral similar to what it may require in a conventional financing. Thus, PCIDA approval of a project does not automatically ensure funding. Additionally, the applicant is responsible for the payment of the bonds. Neither the PCIDA, Putnam County, nor the State of New York guarantee any such indebtedness.

PCIDA bonds are regulated by Federal tax law. The interest income on tax-exempt bonds is exempt from Federal, state and any local income tax. The interest income on taxable bonds is exempt from state and any local income tax only. In addition to benefiting from the

reduced interest rate on the bonds, a PCIDA financed-project is exempt from paying sales tax and mortgage recording tax, and may be eligible for property tax abatements.

Seven bond financing mechanisms are available through the PCIDA:

1. Tax-exempt bonds – Manufacturing facilities can be financed with tax-exempt bonds.
2. Taxable bonds – Commercial, non-manufacturing projects qualify for taxable bonds. In addition, manufacturing projects that would not ordinarily qualify for tax-exempt bonds may be eligible for taxable bonds.
3. Taxable-exempt and taxable bonds – A combination of tax-exempt and taxable bonds can be issued for projects that include both manufacturing and non-manufacturing activities.
4. Refunding bonds – Projects that were initially assisted with tax-exempt bonds are allowed to repay or refund the outstanding principal amount of the previous bonds with new tax-exempt refunding bonds bearing a lower interest rate. This is particularly attractive to companies that had bonds issued in the early 1980s when interest rates were higher than they are currently. Refunding allows companies to remain competitive in Putnam County by reducing their facility costs.
5. Civic-facility bonds – A civic facility is defined as any facility owned or operated by a not-for-profit corporation organized and existing under the laws of the State of New York or authorized to conduct activities in the State of New York. Tax-exempt civic facility bonds allow a not-for-profit corporation to finance its project at a cost lower than what it would incur through conventional mortgage financing.
6. Exempt facility bonds – Federal law permits the PCIDA to issue exempt facility bonds. The proceeds of these bonds provide financing for facilities such as airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, facilities for the local furnishing of electrical energy or gas, sewage facilities, solid waste disposal facilities, local district heating and cooling facilities, qualified residential rental projects, qualified hazardous waste facilities, environmental enhancements of hydro-electric generating facilities or high-speed intercity rail facilities.

7. Continuing care retirement community bonds — A continuing care retirement community is defined as a facility that is a not-for-profit corporation certified by the commissioner of health to provide, pursuant to continuing care retirement contracts, a comprehensive, cohesive living arrangement for the elderly. Such a facility must obtain approval by the continuing care retirement community council for the issuance of tax-exempt continuing care retirement community bonds that would allow it to finance its project at a cost lower than what it would incur through conventional mortgage financing.

III. SALE/LEASEBACK TRANSACTIONS

A second way the PCIDA promotes economic growth is through a sale/leaseback transaction. In this kind of transaction, the company conveys title to the project to the PCIDA, which does not issue any bonds. The PCIDA then enters into a lease or sale agreement with the company for the project. The PCIDA agrees to grant mortgages on and security interests in the project in favor of lenders on behalf of the company to secure the loans necessary to build or equip the facility.

The purpose of this kind of transaction is to make the tax management capabilities of the PCIDA available to a project without including the PCIDA in the financing for a project if such inclusion only results in a more complex and expensive transaction. The PCIDA will reconvey title to the project to the company at an agreed-to date, usually upon completion of construction of a non-manufacturing facility or at the end of the Payment in Lieu of Taxes (PILOT) abatement period for a manufacturing facility.

IV. PCIDA FEES

Bond Offering – A number of costs are involved in PCIDA financing. The PCIDA imposes a processing fee of one percent (1%) of estimated project cost for a “for profit” enterprise; and one-half of one percent (1/2%) of estimated project cost for a “not-for-profit” enterprise. In addition to being responsible for the processing fee, the project applicant is also responsible for PCIDA Counsel fees¹, Bond Counsel fees² and other direct expenses of the PCIDA, including, but not limited to, accounting and engineering expenses. Such legal fees and other direct expenses of the PCIDA are payable separately from the application and processing fees. The

¹PCIDA Counsel — Each PCIDA project requires the participation of PCIDA Counsel. PCIDA Counsel fees are the responsibility of the applicant from the time an application is submitted. Applicants are encouraged to discuss the kind of project with PCIDA Counsel in order to determine the range of PCIDA Counsel fees.

²Bond Counsel — For projects involving the issuance of tax-exempt bonds, fees will vary with the complexity of the financial structure. Bond Counsel is responsible for preparing the financing/closing documents and also issues an opinion on the tax-exempt status of the bonds.

above fees will be payable in full on the sale of the bonds. Failure and neglect to proceed to close will result in pro rata tender of billings.

Straight Lease Transaction – Borrowers would secure financing for the project through banks or other financial institutions. No bonds would be sold and, therefore, no bond proceeds made available for any purpose such as acquisitions, construction, equipment, etc. The borrower would apply directly to PCIDA to be induced for a “straight lease transaction”. Borrower would receive real property tax abatement and sales tax exemption under this agreement. PCIDA fees would require a \$2,500.00 annual payment or 10% of certain tax savings, excluding property taxes (as defined in Section 3.4 of the Project Agreement), whichever is greater, for the life of the Project.

Comparison of Tax-Exempt and Taxable Bonds

	<u>Private Activity Tax-Exempt</u>	<u>Taxable</u>
1. Interest Rate	Currently approximately 70% of prime, but to be determined by investment banker	Subject to Market Condition (similar to commercial rates — prime to prime plus two points)
2. Federal Income Tax on Interest Income	Exempt	Applicable
3. New York State Personal Income Tax on Interest Income	Exempt	Exempt
4. New York Local Income Tax, if Applicable	Exempt	Exempt
5. New York State Franchise Tax on Interest Income	Applicable	Applicable
6. New York State Sales Tax	Exempt	Exempt
7. Mortgage Recording Tax	Exempt	Exempt
8. Property Tax Abatement	Eligible	Eligible

If you have any questions or require additional information, please do not hesitate to contact the Putnam County Industrial Development Agency at (845) 228-8066 or Joseph P. Carlucci, Esq., of Cuddy & Feder LLP, 445 Hamilton Avenue, White Plains, New York 10601, (914) 761-1300.

V. APPLICATION FOR FINANCIAL ASSISTANCE AND ENVIRONMENTAL ASSESSMENT FORM

TAX-EXEMPT ISSUE

TAXABLE ISSUE

Please answer all questions either by filling in blanks or by attachment. Please file the application in triplicate. Information provided herein will not be made public by the PCIDA prior to the passage of an Official Action Resolution, but may be subject to disclosure under the New York Freedom of Information Act.

A. PROJECT IMPACT

If the Company is unable to arrange suitable financing for the Project described herein, what will be the impact on the Company and on Putnam County?

B. COMPANY DATA

1. Company:

Name: _____

Address: _____

Phone: ____

2. Organizational Structure:

Sole proprietorship

General Partnership

Limited Partnership

Limited Liability Company

Privately held corporation

Public corporation listed on _____ Exchange

3. State of incorporation or organization: ____

4. Officer whom the PCIDA should contact:

Name: ____

Position: _____

Address: _____

Phone: ____

5. Company's Counsel:

Firm name: _____

Address: _____

Phone: ____

Individual attorney: _____

6. Principal stockholders or partners, if any (i.e., owners of five percent (5%) or more of equity in the Company):

Name	Address	Ownership Percentage	Other Principal Business Affiliations
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

7. If any of the above persons, or a group of them, owns more than a fifty percent (50%) interest in the Company, list all other organizations that are related to the Company by virtue of such persons having more than a fifty percent (50%) interest in such organizations.

8. Is the Company related to any other organization by reason of more than fifty percent (50%) common ownership? If so, indicate name(s) of related organization(s) and relationship(s).

9. List parent company, sister companies and subsidiaries, if any.

10. Has the Company (or any related company or person) been involved in or benefited by any prior industrial development financing in the municipality in which the Project is to be located, whether by the PCIDA or another issuer? ("municipality" herein means city, town or village, or if the Project is not to be located in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full.

11. Has the Company (or any related company or person) been involved in or benefited by any prior industrial development financing outside the municipality (including prior issues with respect to any facility of which the Company (or any related corporation or person) is, or was within the past three (3) years, the owner or a user of more than ten percent (10%) of the space or fair rental value)? If so, explain in full.

12. Has the Company (or any related company or person) made a public offering or private placement of its stock within the last year? If so, please provide any offering statement or private placement memorandum used.

C. PROJECT DATA

1. Project Profile

(a) Location of Project:

Town: _____

Village or City: _____

Street Address: _____

School District: _____

(b) Indicate approximate size (in acres or square feet) of the Project site.

(c) Indicate any additional utility or transportation requirements for the Project site.

(d) Are there buildings currently on the Project site?

Yes _____ No _____

(e) Indicate the current use of the Project site.

(f) Indicate relationship to the current user of the Project site.

(g) Name of architect & phone #/ Name of construction firm, contact, phone #

2. Does the Project involve the acquisition of any existing building or buildings? If yes, list below the number, size and approximate age of any such buildings.

3. Does the Project consist of the construction of any new building or buildings? If yes, list below the number and size of any such new buildings.

4. Does the Project consist of addition(s) and/or renovation(s) to existing building(s)?
If yes, describe below the nature of any such addition(s) and/or renovation(s):

5. How does the Company plan to use the building or buildings it intends to acquire, construct or expand? (Include description of products to be manufactured, assembled or processed and services to be rendered including the percentage of building(s) to be used for office space and storage and an estimate of the percentage of the functions to be performed at such office not related to the day-to-day operations of the facilities being financed.)

6. If any space in the Project is to be leased to third parties, indicate total square footage of the Project, amount to be leased to each tenant, and proposed use by each tenant. Attach a schedule that provides all the information requested in Items A and B above.

7. List principal items or categories or equipment to be acquired as part of the Project (please note that acquisition of used equipment may not be financed out of bond proceeds):

8. Has construction work on this Project begun? If yes, complete the following:

- (a) site clearance ___ Yes ___No ___% Complete
- (b) foundation ___ Yes ___No ___% Complete
- (c) footings ___ Yes ___No ___% Complete
- (d) steel ___ Yes ___No ___% Complete
- (e) masonry work ___ Yes ___No ___% Complete
- (f) other (please specify) _____

*Should any of the above questions have a “yes” response, costs of same may jeopardize inclusion of expense in bond issue.

9. Economic and Environmental Impact and Zoning Approval

- (a) Are there other plants of the Company (or any related company or person) within the State of New York?

(b) If there are other plants within the State of New York, is it expected that any of these other plants will close or be subject to reduced activity upon completion of the Project? If so, please explain in detail.

(c) If the answer to 9(b) is yes, please indicate whether the Project is reasonably necessary for the Company to maintain its competitive position in its industry. If so, please explain in detail.

(d) Has the Company thought about moving to another state? If so, please explain in detail.

(e) Describe in detail facts that would support the PCIDA's determination that the Project will tend to advance the job opportunities, general prosperity and economic welfare of the people of Putnam County and improve their standard of living.

(f) Describe in detail facts that would support the PCIDA's determination that the availability of PCIDA financial assistance will be an important inducement to the Company to remain in or relocate to Putnam County.

(g) Indicate any alternative financial assistance available to the Company in the absence of PCIDA financial assistance.

(h) Describe the environmental impact of the Project including short term and long term effects.

(i) Will the Project meet zoning requirements at the proposed location?

10. Has the Company retained an architect to prepare plans for the Project?

Yes ____ No ____ If yes, attach copies of preliminary plans or sketches of proposed construction or rehabilitation or both.

11. Does the Company or any related company or person currently own the Project site?

Yes ____ No ____ If yes, attach a copy of the deed and indicate:

- (a) date of purchase ____
- (b) purchase price _____
- (c) balance of existing mortgage____
- (d) holder of mortgage __

12. If the Company or any related company or person is not the current owner of the Project site, does the Company or any related company or person have an option to purchase the Project site and any buildings on the Project site?

Yes ____ No ____ If yes, attach a copy of the option contract and indicate:

- (a) date signed ____
- (b) purchase price _____
- (c) settlement date _____

13. Has the Company or any related company or person entered into a contract to purchase the Project site?

Yes ____ No ____ If yes, attach a copy of the purchase contract and indicate:

- (a) date signed ____
- (b) purchase price _____
- (c) settlement date _____

14. If the Company or any related company or person is not the owner of the Project site, does the Company or any related company or person now lease the Project site or any buildings on the Project site?

Yes ____ No ____ If yes, attach a copy of the lease.

15. If the issuance of the bonds contemplates the acquisition of a leasehold interest in the Project or the Project site by the PCIDA, state the date of termination of any relevant leases.
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16. Is there a relationship that is either legal or exists by virtue of common control or ownership between the Company (and/or its shareholders) and the seller of the Project site (and/or its shareholders)? If yes, describe this relationship:

17. List finished product(s) that are to be produced at the Project.

18. Will any portion of the Project consist of facilities or property that are or will be primarily used in making retail sales of goods to customers who personally visit the Project?

Yes _____ No _____

19. If the answer to question 18 is yes, will the applicant or any other Project occupant be a registered vendor under Article 28 of the Tax Law of the State of New York (the "Tax Law") primarily engaged in the "retail sale of tangible personal property" (as defined in Section 1101(b)(4)(i) of the Tax Law)?

Yes _____ No _____

20. Will any portion of the Project consist of facilities or property that are or will be primarily used in making retail sales of services to customers who personally visit the Project?

Yes _____ No _____

21. If the answer to question 18 or question 20 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making retail sales of goods or services to customers who personally visit the Project?

%

22. If the answer to question 18 or question 20 is yes, and the answer to question 21 is more than 33.35%, indicate whether any of the following apply to the Project:

(a) Will the Project be operated by a not-for-profit corporation?

Yes _____ No _____

(b) Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located?

Yes _____ No _____

(c) Would the Project occupant, but for the contemplated financial assistance from the PCIDA, locate the related jobs outside the State of New York?

Yes _____ No _____

(d) Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonably accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services?

Yes _____ No _____

(e) Will the Project be located in either an area designated as an economic development zone pursuant to Article 18-B of the General Municipal Law or an area designated as a highly distressed area pursuant to Article 18-A of the General Municipal Law?

Yes _____ No _____

23. If the answers to any of subdivisions (1) through (5) of question 22 is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York?

Yes _____ No _____

If yes, please furnish details in a separate attachment.

24. If it is contemplated that the PCIDA will be requested to grant any mortgages on the Project, be advised that the mortgage recording tax in Putnam County is one percent (1%) of the amount to be financed. If the PCIDA joins in any such mortgage and records same, such activity will under present law result in the abatement of this mortgage recording tax. What do you estimate the potential mortgage recording tax savings to be?

\$ _____

25. The normal sales tax in Putnam County is 8.375% (on taxable items; certain labor costs and any sales tax exemptions that the applicant would receive without involvement of the PCIDA in the Project may be excluded when factoring this savings). If the PCIDA names the applicant as agent of the PCIDA for purposes of undertaking the Project, this sales tax can be abated. What do you estimate the potential sales tax savings to be?

\$ _____

26. If the Project meets the criteria for real property tax exemption found in the PCIDA's Uniform Tax Exemption Policy and is granted a payment in lieu of tax ("PILOT") abatement by the PCIDA, what do you estimate potential real property tax savings to be over the life of the contemplated real property tax abatement period?

\$ _____

27. Please complete the below schedule of estimated financial benefits.

1. Sales and Use Tax Exemption	\$	_____
a. Amount of Project Cost Subject to Tax:	\$	_____
Sales and Use Tax Rate:		_____ x.08375
b. Financial Benefit if Fully Tax-Exempt	\$	_____
2. Mortgage Recording Tax Exemption	\$	_____
a. Projected Amount of Mortgages:	\$	_____
Mortgage Recording Tax Rate:		_____ X 1.06%
b. Financial Benefit if Fully Tax-Exempt	\$	_____
3. Payments in Lieu of Taxes (PILOTs)	\$	_____
a. Investment in Real Property	\$	_____
b. Equalization Rate	\$	_____
c. Assessed Value	\$	_____
d. Total Application Tax Rates per \$1000	\$	_____
e. Total Taxes	\$	_____
f. Proposed Exemption Rates	\$	_____ /\$1000
g. PILOT Payments (item e. multiplied by item f.)	\$	_____
h. Financial Benefit of PILOT (item e. minus item g.)	\$	_____

4. The following is a procedure to be used by the PCIDA to recapture benefits given to projects that fail to achieve job creation or other goals as stipulated in the IDA application for inducement.
 1. An annual audits of each client or business induced by the PCIDA within the last five years by the CEO or other member(s) of the PCIDA Governance Committee to assess compliance with established goals.
 2. Clients that do not meet projected goals, or fail to evidence meaningful progress in achieving established goals, will be asked to appear before the Governance Committee of the PCIDA to discuss the issue.
 3. Based upon the findings of the Governance Committee and approval of the full board and the Chairman, the CEO may request legal assistance from Counsel to begin the process of recapturing benefits granted to clients on previous resolutions based upon provision as noted below:
 - a. Most severe instances of non-compliance will require reimbursement of up to 100% of property, county, school, sales tax benefits and all other benefits received in the original inducement.
 - b. Lack of consistent progress in achieving established goals during the past three years will require reimbursement of up to 50% of property, county, school and sales tax benefits.
 - c. Mitigating circumstances regarding non-compliance with established goals such as loss of major customer or supplier; foreign market interference with normal business practices; significant changes in consumer demands for products or services currently offered; or natural disasters must be considered before applying "Recapture" provisions.

D. MEASURE OF GROWTH AND BENEFITS

1. (a) If the Company currently operates in the PCIDA's jurisdiction, give current employment:

Number of Employees

Full Time _____

Part Time _____

Seasonal _____

(b) If the Company currently operates outside of the PCIDA's jurisdiction but within the State of New York at sites other than the Project site, give current employment:

Number of Employees

Full Time _____

Part Time _____

Seasonal _____

2. Estimate employment after completion of the Project:

Number of Employees

First Year

Second Year

Third Year

Full Time _____

Part Time _____

Seasonal _____

3. Annual payroll in PCIDA's jurisdiction:

Current:

\$ _____

Expected first year after completion of the Project:

\$ _____

Expected second year after completion of the Project:

\$ _____

Expected third year after completion of the Project:

\$ _____

4. What, if any, will be the expected increase in the dollar amount of sales?
\$ _____

B. PROJECT COSTS

1. Give an accurate estimate of the cost of all the following items:

	<u>Amount</u>
(b) Land	\$ _____
(c) Building	\$ _____
(d) Site Work	\$ _____
(e) Legal Fees	\$ _____
(f) Engineering Fees	\$ _____
(g) Financial Charges	\$ _____
(h) Machinery and Equipment	\$ _____
(i) Recording Fees	\$ _____
(j) Other (please specify) _____	\$ _____
	Total \$ _____

2. Funds required \$ _____ Term _____

3. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application?

Yes ____ No ____ If yes, give particulars on separate sheet.

4. The Project costs should not include working capital, moving expenses, new materials, work-in-process or stock-in-trade. If the cost of any such items has been included in any of the figures provided in item E.1 above, specify the amount and the nature thereof.

5. Will any of the funds to be borrowed through the PCIDA be used to repay or refinance an existing mortgage or outstanding loan?

6. What portion, if any, of the cost of the Project is to be financed from funds of the Company other than from the proposed bond issue?

Complete questions 7 and 8 only if the proposed financing is an industrial development financing in excess of \$1 million.

7. List capital expenditures with respect to the Project (include all capital expenditures made (or projected to be made) by the owner or the user of more than ten percent (10%) of the space or fair rental value of the facilities to be financed, or by any related person to such owner or user):

	<u>Past 3 years</u>	<u>Projected Next 3 years</u>	<u>Total</u>
(a)	\$ _____	\$ _____	\$ _____
(b) Buildings	\$ _____	\$ _____	\$ _____
(c) Machinery and Equipment	\$ _____	\$ _____	\$ _____
(d) Engineering	\$ _____	\$ _____	\$ _____
(e) Architecture	\$ _____	\$ _____	\$ _____
(f) Research and Development	\$ _____	\$ _____	\$ _____
(g) Interest during Constructing	\$ _____	\$ _____	\$ _____
(h) Other (please specify) _____	\$ _____	\$ _____	\$ _____

Please note that research and development expenses with respect to a facility must be treated as capital expenditures with respect to products to be produced at the facility and with respect to equipment to be used there. Research and development expenses allocable to the Project under the foregoing rule must be treated as capital expenditures with respect to it, even though the research and development work takes place in a different municipality or state.

Please note that costs of molds, etc., to be used at a facility are capital expenditures, even if paid by the customer.

Please note that costs of equipment to be moved to a facility are capital expenditures, even if the purchase and initial use of the equipment occurred outside the municipality.

8. List capital expenditures with respect to other facilities of the Company or any related company or person, if the facilities are located in the same municipality.

	<u>Past 3 years</u>	<u>Projected Next 3 years</u>	<u>Total</u>
(i) Land	\$_____	\$_____	\$_____
(j) Buildings	\$_____	\$_____	\$_____
(k) Machinery and Equipment	\$_____	\$_____	\$_____
(l) Engineering	\$_____	\$_____	\$_____
(m) Architecture	\$_____	\$_____	\$_____
(n) Research and Development	\$_____	\$_____	\$_____
(o) Interest during Constructing	\$_____	\$_____	\$_____
(p) Other (please specify)	\$_____	\$_____	\$_____

9. Has the Company made any arrangements for the marketing or the purchase of the bonds?

C. PROJECT CONSTRUCTION SCHEDULE

1. What is the proposed date for commencement of construction or acquisition of the Project?

2. Give an accurate estimate of time schedule to complete the Project and when the first use of the Project is expected to occur (use additional sheets if necessary).

3. At what time or times and in what amount or amounts is it estimated that funds will be required?

D. FINANCIAL INFORMATION

Please attach the following:

1. Audited financial statements for the last five (5) fiscal years (unless included in the Company's annual reports).
2. Annual reports (or Form 10-Ks) for the last five (5) fiscal years.
3. Quarterly reports (Form 10-Qs) and current reports (Form 8-Ks) since the most recent annual report, if any.
4. Pro forma balance sheet as at the start of operations at the Project site.
5. Projected profit and loss statements for the first two (2) years of operation at the Project site.
6. Projected cash flow statement, by quarters, for the first year of operation at the Project site.
7. In addition, please attach the financial information described above in items 1, 2 and 3 of any expected guarantor of the proposed bond issue if different than the Company.

E. ENVIRONMENTAL INFORMATION

Please complete the Environmental Assessment Form annexed hereto and attach it to the completed application.

F. ADDITIONAL REMARKS OR COMMENTS

Please attach additional information on the Company, evidence of support and published articles concerning the Company and its programs.

Please complete the following information regarding your contact with the Agencies listed below and provide a current status update.

	Date Contacted	Approved or Disapproved	Follow Up Appointment
DOT (Dept. of Transportation)			
DEP (Environment)			
TOWN/VILLAGE (Supervisor)			
TOWN PLANNING BOARD			
TOWN ZONING BOARD			
FINANCIAL (Banks/Investors)			

Important Notice to Applicants:

Eligibility is determined by the information presented in this application. Any changes in the status of the proposed Project from the facts presented herein could disqualify your Project and cause it to be ineligible for financial assistance. In general, commencement of construction or any award of contract with respect hereto, including equipment therefore, or the execution of any contract for the acquisition of the proposed Project, prior to formal approval of your financing request by the PCIDA may result in the application being considered ineligible for approval. If you have any questions, please contact the Chairman of the PCIDA before taking any action which could result in your disqualification.

The PCIDA may require additional information and reserves the right to seek the same from the applicant.

PUTNAM COUNTY INDUSTRIAL
DEVELOPMENT AGENCY
Kevin Bailey
Chairman
34 Gleneida Avenue
Carmel, New York 10512
Phone: (845) 228-8066
Fax: (845) 225-0311

CERTIFICATION

_____ (Name of authorized officer of sole proprietorship/partnership/limited liability company/corporation submitting application) deposes and says that deponent is the _____(Title) of _____(Sole proprietorship/partnership/limited liability company/corporation name), the sole proprietorship/partnership/limited liability company/corporation named in the attached application; that deponent has read the foregoing application and knows the contents thereof; that the same is true to deponent's knowledge.

Dated: _____

Name:
Title: