

**HERKIMER COUNTY INDUSTRIAL DEVELOPMENT AGENCY
MULTI-FAMILY HOUSING REVENUE BONDS
(NATHAN GALINSKY APARTMENTS
PRESERVATION LLC PROJECT), SERIES 2022
IN THE PRINCIPAL AMOUNT NOT TO EXCEED \$16,000,000**

I. PROJECT IDENTIFICATION:

1. Project Applicant: Nathan Galinsky Apartments Preservation LLC (the “Company”). The Company is a limited liability company organized under the laws of the State of New York.

2. The Project:

The Project consists of the following: (A) (1) the acquisition of an interest or interests in a parcel of land located at 105 Protection Avenue in the Village of Herkimer, Herkimer County, New York (the “Land”), together with the existing building located on the Land and known as the Nathan Galinsky Apartments (the “Facility”); (2) the reconstruction and renovation of the Facility, and (3) the acquisition and installation thereon and therein of various machinery and equipment (the “Equipment”) (the Land, the Facility and the Equipment hereinafter collectively referred to as the “Project Facility”), all of the foregoing to constitute a housing facility containing approximately 112 apartment units to be owned and operated by the Company, and any other directly or indirectly related activities; (B) the financing of all or a portion of the costs of the foregoing by the issuance of taxable and/or tax-exempt revenue bonds of the Agency in one or more issues or series in an aggregate principal amount sufficient to pay all or a portion of the cost of undertaking the Project, together with necessary incidental costs in connection therewith, presently estimated to equal approximately \$16,000,000, but in any event not to exceed \$27,000,000 (the “Series 2022 Bonds”); (C) the payment of a portion of the costs incidental to the issuance of the Series 2022 Bonds, including issuance costs of the Series 2022 Bonds and any reserve funds as may be necessary to secure the Series 2022 Bonds; (D) the granting of certain other “financial assistance” (within the meaning of Section 854(14) of the Act) with respect to the foregoing, including exemption from certain sales taxes, deed transfer taxes, mortgage recording taxes and real property taxes (collectively with the Series 2022 Bonds, the “Financial Assistance”); and (E) the lease (with an obligation to purchase) or sale of the Project Facility to the Institution or such other person as may be designated by the Institution and agreed upon by the Agency.

II. PRIOR ACTION ON PROJECT:

3. SEQR Compliance:

(A) SEQR Lead Agency: None.

(B) Agency Action: Type II.

(C) Date of Agency Action: Mach 29, 2022.

4. Preliminary Inducement Resolution:

(A) Date: November 17, 2021.

(B) Bond Amount Requested: \$15,000,000 (not to exceed \$27,000,000).

(C) Project Approved: Same as above.

5. Public Approval:

(A) Public Hearing:

(1) Date Advertised: January 12, 2022.

(2) Date Mailed: January 12, 2022.

(3) Date Posted (Bulletin and Website): January 12, 2022.

(3) Bond Amount Advertised: \$15,000,000 (not to exceed \$27,000,000).

(4) Date of Public Hearing: January 25, 2022.

(B) Public Approval:

(1) Date Approved: February 16, 2022.

(2) Approval Body: County Legislature.

6. PILOT Terms:

(A) Deviation from Agency's Uniform Tax Exemption Policy.

(B) Annual payments to the Treasurer of the county, for distribution among the affected tax jurisdictions, in an amount equal to ten percent (10%) of the aggregate collected annual tenant paid rents generated by the Project Facility, which includes rent supplements and subsidies received from the federal government, the State, or a municipality on behalf of such tenants, less the aggregate annual owner paid utilities.

(C) Deviation Process:

(1) Date deviation letter mailed: March 25, 2022.

(2) Date of Agency Action: April 6, 2022.

III. DETAILS OF PROPOSED BOND TRANSACTION:

7. Relationship of Agency to Company: The Agency will acquire, renovate and install the Project Facility and lease (with an obligation to purchase) or sell the Project Facility to the Company pursuant to a lease agreement, dated as of April 1, 2022 (the "Lease Agreement").

8. Business Terms:

(A) Agency Fee: \$240,000 (1% of an assumed Project Cost of \$24,000,000).

- (B) Amount of mortgage recording tax exemption: \$150,000 (est.)
- (C) Amount of sales and use tax exemption: \$373,601.25 (est.)
- (D) Amount of real property tax abatement: \$1,871,453.60 (est.)¹

9. Details of Bond Issue:

- (A) Amount of proposed Bond Issue: single bond in the amount not to exceed \$16,000,000.
- (B) Bond Purchaser: the Bonds are to be purchased by PNC Bank, National Association, as the initial funding lender (the “Initial Funding Lender”).
- (C) Will the Bond be Remarketed? Series 2022 Bond will be assigned by the Initial Funding Lender to Freddie Mac. Thereafter Series 2022 Bond will not be remarketed.
- (D) Interest Rate: fixed rate, to be set at or about Closing Date.
- (E) Maturity Date: May 1, 2037 (proposed).

10. Security for the Bond:

- (A) A multifamily mortgage, assignment of rents and security agreement, dated as of April 1, 2022 (the “Mortgage”) on the Project Facility.
- (B) A pledge and assignment, dated as of April 1, 2022 (the “Pledge and Assignment”) of certain of the Agency’s rights under the Lease Agreement (except the Unassigned Rights, as defined therein).
- (C) A guaranty and suretyship agreement, dated as of April 1, 2022 (the “Guaranty”).

11. Bond Documents:

- (A) Funding Loan Agreement by and between the Agency, the Initial Funding Lender, and Manufacturers and Traders Trust Company, as fiscal agent (the “Fiscal Agent”).
- (B) Mortgage from the Agency and the Company to the Fiscal Agent.
- (C) Lease Agreement by and between the Agency and the Company.
- (D) Pledge and Assignment from the Agency to the Fiscal Agent.
- (E) Guaranty from the Company and the Guarantor to the Initial Funding Lender.

12. Closing Date: April __, 2022.

13. Bond Counsel: Hodgson Russ LLP, Albany, New York.

¹ Amount of PILOT payments payable by Company over 17 year period is estimated to equal \$1,346,426.94.