

Introduced by Presiding Officer, on request of the County Executive and Legislators Eddington, Browning

RESOLUTION NO. 885 -2009, AUTHORIZING FUNDING, ACQUISITION, CONVEYANCE, DEVELOPMENT, INFRASTRUCTURE IMPROVEMENTS AND OVERSIGHT OF REAL PROPERTY UNDER SUFFOLK COUNTY AFFORDABLE HOUSING OPPORTUNITIES PROGRAM (ARTSPACE PATCHOGUE LOFTS – PATCHOGUE VILLAGE)

WHEREAS, Local Law No. 13-2000 as amended in its entirety by Local Law No. 17-2004, known as Suffolk County Administrative Code (“SCAC”) Article XXXVI, as amended, found and determined that there was a need for the County to aid municipalities in providing affordable housing and established the Suffolk County Affordable Housing Opportunities Program; and

WHEREAS, SCAC § A36-2(C) provides a statutory framework for land to be acquired and infrastructure improvements to be made for Suffolk County’s Workforce Housing Program through the use of capital bond proceeds; and

WHEREAS, the County Department of Economic Development and Workforce Housing and the Village of Patchogue have identified five sites in the County of Suffolk, to be known as “Artspace Patchogue Lofts,” which would be appropriate for development as workforce housing and which are identified by the Suffolk County Tax Map Numbers as follows: 0204-013.00-06.00-001.000; 0204-013.00-06.00-002.000; 0204-013.00-06.00-026.002; 0204-013.00-06.00-037.000; and 0204-013.00-06.00-039.000; and

WHEREAS, the Village of Patchogue is donating to this workforce housing development the three parcels identified by Suffolk County Tax Map Numbers 0204-013.000-06.00-026.002; 0204-013.00-06.00-037.000; and 0204-013.00-06.00-039.000 and will grant easement rights in and to a fourth parcel identified by Suffolk County Tax Map Number 0204-013.00-06.00-001.000; and

WHEREAS, pursuant to Section 36-2 C of Article XXXVI of the Suffolk County Administrative Code, it is proposed that the County acquire the parcel identified by Suffolk County Tax Map Number 0204-013.00-06.00-002.000 (the “Subject Premises”), at a purchase price (the “Purchase Price”) of Three Hundred Seventy Five Thousand (\$375,000) Dollars and transfer such parcel to Artspace Patchogue Lofts, LP; and

WHEREAS, the Environmental Trust Review Board reviewed the appraisals, reviewed the September 17, 2009 report of the Internal Appraisal Review Board, approved the Purchase Price and authorized the Director of the Division of Real Property Acquisition and Management to negotiate the acquisition on September 18, 2009; and

WHEREAS, Artspace Patchogue Lofts will require substantial infrastructure improvements to facilitate the construction of the workforce housing development and, in connection therewith, Artspace Patchogue Lofts, LP, the developer, has requested infrastructure funding from the County in an amount not to exceed One Million Five Hundred Seventy Five Thousand Nine Hundred Sixteen (\$1,575,916.00) Dollars; and

WHEREAS, the Village of Patchogue has expressed an interest in partnering with the County of Suffolk to provide workforce housing at this location; and

WHEREAS, Resolution No. 558-2009 authorized planning steps for acquisition of the Subject Premises and infrastructure improvements for the Artspace Patchogue Lofts affordable housing development; and

WHEREAS, the Village, by its Resolution No. 147-2009, dated September 14, 2009, has approved a development agreement to be executed by the Village, Artspace Patchogue Lofts, LP and the County (the "Development Agreement"), which incorporates a development plan (the "Development Plan"), each of which is in substantially final form, as attached hereto, detailing the proposed purchase by the County of the Subject Premises, to be combined with four additional sites, currently owned by the Village, the funding of certain infrastructure improvements, and the subsequent development of 45 affordable rental units; and

WHEREAS, pursuant to Resolution No. 23-2009, dated January 28, 2009, the Village Board, as lead agency, issued a negative SEQRA declaration which completed the environmental review; and further the negative declaration issued by the Village Board is binding on the County, as an involved agency, pursuant to Title 6 of the New York Codes, Rules and Regulations (NYCRR) § 617.6 (b) (3) (ii) and, therefore, SEQRA is complete; and

WHEREAS, Resolution No. 689-2006 appropriated the proceeds of \$5,050,000.00 in Suffolk County Serial Bonds for Workforce Housing acquisitions under the Suffolk County Workforce Housing Program subject to further Legislative approval of a resolution authorizing the planning, funding and/or acquisition of specific projects; and

WHEREAS, Resolution No. 1421-2005, appropriated the proceeds of \$5,000,000.00 in Suffolk County Serial Bonds to fund the Infrastructure Improvements in connection with the properties acquired, funded, constructed, reconstructed or rehabilitated in connection with the Workforce Housing Program subject to further Legislative approval of a resolution authorizing the specific infrastructure improvements to be made in connection with such workforce housing acquisitions; now, therefore be it

1st **RESOLVED**, that the Suffolk County Legislature, on behalf of the County, hereby finds and determines that Artspace Patchogue Lofts meets the requirements of the Suffolk County Affordable Housing Opportunities Program for its Workforce Housing Program, and the need to fill the critical shortage of affordable housing in the County and, accordingly, authorizes the development of Artspace Patchogue Lofts; and be it further

2nd **RESOLVED**, that the Development Agreement and the Development Plan are hereby approved in substantially the same form as attached hereto; and be it further

3rd **RESOLVED**, that the Subject Premises are hereby authorized to be acquired, conveyed, developed, supervised and managed subject to the Development Agreement and Development Plan, subject to a final survey for a total Purchase Price of Three Hundred Seventy Five Thousand (\$375,000) Dollars; and be it further

4th **RESOLVED**, that pursuant to Suffolk County Charter §§ C35-2(V) and (Y), and SCAC § A36-2(C), the Department of Economic Development and Workforce Housing and its Commissioner, and the Division of Affordable Housing and its Director of Affordable Housing are hereby authorized to acquire and convey the Subject Premises, as necessary, and the same are hereby further authorized, empowered and directed to take such other actions, enter into such other agreements, and execute such other documents as are required to effectuate this overall affordable housing project and transaction, and to pay such additional expenses which shall include, but not be limited to, the cost of surveys, appraisals, environmental audits,

title reports and insurance as may be necessary and appropriate to accomplish the aforesated authorizations and duties; and be it further

5th **RESOLVED**, that, subject to the terms of the Development Agreement, the County Comptroller and County Treasurer are hereby authorized to reserve and pay Three Hundred Seventy Five Thousand (\$375,000) Dollars for the Purchase Price of the Subject Premises from previously appropriated funds in Capital Project No. 525-CAP-8704.211; and be it further

6th **RESOLVED**, that, subject to the terms of the Development Agreement, the County Comptroller and County Treasurer are hereby authorized to reserve and pay One Million Five Hundred Seventy Five Thousand Nine Hundred and Sixteen (\$1,575,916.00) Dollars in connection with infrastructure costs associated with the development of Artspace Patchogue Lofts from previously appropriated funds in Capital Project No. 525-CAP-6411.310; and be it further

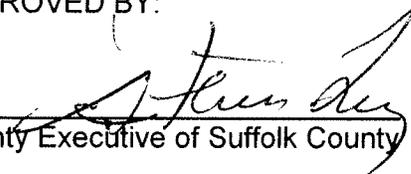
7th **RESOLVED**, that the Director of the Division of Real Property Acquisition and Management or her designee, pursuant to Suffolk County Charter § C42-2C(3)(d), is hereby authorized and empowered, and her actions are hereby ratified and adopted, to negotiate the purchase price for the initial acquisition of the Subject Premises from the Village of Patchogue to the County, in accordance with the terms of the Development Agreement, and further to provide whatever additional support is requested by the Department of Economic Development and Workforce Housing and its Division of Affordable Housing, and by the County Attorney pursuant to Suffolk County Charter §C16-2 and the Department of Public Works pursuant to Suffolk County Charter §C8-2(W) ; and be it further

8th **RESOLVED**, that the County Executive, the County Attorney, the Commissioner of the Department of Economic Development and Workforce Housing and the Director of Affordable Housing are hereby authorized, respectively, to take such further actions as may be necessary or desirable to effectuate the purposes and intent of the foregoing resolutions and to execute any and all documents necessary and/or desirable to effectuate the purpose and intent of the workforce housing development referred to in this Resolution; and be it further

9TH **RESOLVED**, pursuant to Resolution No. 23-2009 dated January 28, 2009, the Village Board, as lead agency, issued a negative SEQRA declaration which completed the environmental review; and further the negative declaration issued by the Village Board is binding on the County, as an involved agency, pursuant to Title 6 of the New York Codes, Rules and Regulations (NYCRR) § 617.6 (b) (3) (ii) and, therefore, SEQRA is complete.

DATED: October 13, 2009

APPROVED BY:


County Executive of Suffolk County

Date: **OCT 28 2009**

COUNTY OF SUFFOLK

SEP 15 2009



STEVE LEVY
SUFFOLK COUNTY EXECUTIVE

DEPARTMENT OF ECONOMIC
DEVELOPMENT & WORKFORCE
HOUSING

JILL ROSEN-NIKOLOFF
DIRECTOR OF AFFORDABLE
HOUSING

September 15, 2009

Ben Zwirn, Deputy County Executive
Office of the County Executive
H. Lee Dennison Building
100 Veterans Memorial Highway
Hauppauge, NY 11788

Re: Reso-Eco. Dev.- Funding of Artspace Patchogue Lofts Workforce Housing
Back-up-Eco. Dev.-Artspace Patchogue Lofts-Dev. Agmt., SCINS 157 a & b

Dear Mr. Zwirn:

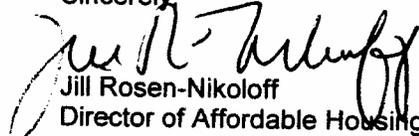
The Department of Economic Development and Workforce Housing requests the submittal of the attached resolution authorizing funding, acquisition, conveyance, development, infrastructure improvements and oversight of the Artspace Patchogue Lofts Workforce Housing Development in Patchogue Village. The resolution is being submitted as a "late start" and it is requested that it be submitted for inclusion on the agenda for the October 8, 2009 Labor, Workforce and Affordable Housing Committee and the October 13, 2009 meeting of the full Legislature.

Also attached is the required back-up documentation: (i) Development Agreement with Development Plan, (ii) SCIN Form 175a, and (iii) SCIN Form 175b.

Electronic copies are being transmitted concurrently herewith.

Thank you.

Sincerely,


Jill Rosen-Nikoloff
Director of Affordable Housing

Enc.

- Cc: Christopher Kent, Chief Deputy County Executive
- Patrick Heaney, Commissioner, Dept. of Economic Development & Workforce Housing
- Pam Greene, Director of Division of Real Property and Management
- ✓Brendan Chamberlain, County Executive Assistant
- Mike Amoroso, Bureau Chief, Real Estate Condemnation
- CE RESO REVIEW, via email

JRN/mkc

REQUEST FOR THE INTRODUCTION OF SUFFOLK COUNTY LEGISLATION
OFFICE OF THE COUNTY EXECUTIVE
County of Suffolk

- (1) Please limit this suggestion form to ONE proposal.
- (2) Describe in detail
- (3) Attach all pertinent backup material.

Submitting Department (Dept. Name & Location): Department of Economic Development and Workforce Housing H. Lee Dennison Bldg. - 2 nd Floor Hauppauge	Department Contact Person (Name & Phone No.): Jill Rosen-Nikoloff Director of Affordable Housing 853-6420
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Suggestion Involves:

Technical Amendment _____

Grant Award _____

New Program X

Contract: New _____ Rev. _____

Summary of Problem: (Explanation of why this legislation is needed.)

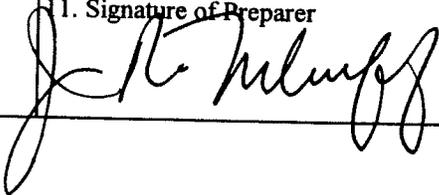
Authorizes funding, acquisition, conveyance, development, infrastructure improvements and oversight of real property in connection with a workforce housing development in the Village of Patchogue which will consist of 45 rental units, with ground floor retail, and the execution of a Development Agreement in connection therewith.

Proposed Changes in Present Statute: (Please specify section when possible.)

N/A

SCIN Form 175a

STATEMENT OF FINANCIAL IMPACT
OF PROPOSED SUFFOLK COUNTY LEGISLATION

1. Type of Legislation		
Resolution <u> X </u> Local Law _____ Charter Law _____		
2. Title of Proposed Legislation Authorizing funding, acquisition, conveyance, development, infrastructure improvements and oversight of real property under Suffolk County Affordable Housing Opportunities Program (Artspace Patchogue Lofts – Patchogue Village)		
3. Purpose of Proposed Legislation See No. 2 above		
4. Will the Proposed Legislation Have a Fiscal Impact? Yes <u> X </u> No <u> X </u>		
5. If the answer to item 4 is "yes", on what will it impact? (circle appropriate category)		
X County	Town	Economic Impact
Village	School District	Other (Specify):
Library District	Fire District <input type="checkbox"/>	
6. If the answer to item 5 is "yes", Provide Detailed Explanation of Impact Resolution authorizes \$1,575,916 in infrastructure costs in connection with the Artspace Patchogue Lofts Affordable Housing Development.		
7. Total Financial Cost of Funding over 5 Years on Each Affected Political or Other Subdivision.		
8. Proposed Source of Funding Suffolk County Affordable Housing Opportunities Program – CP 525-CAP-6411.310		
9. Timing of Impact		
10. Typed Name & Title of Preparer	11. Signature of Preparer	12. Date
Jill Rosen-Nikoloff		September 15, 2009

SCIN FORM 175b (10/95)

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (the "Agreement") made the day of , 2009 between the COUNTY OF SUFFOLK (the "County"), a municipal corporation of the State of New York, having its principal office at County Center, Riverhead, New York 11901 acting by and through its DEPARTMENT OF ECONOMIC DEVELOPMENT and WORKFORCE HOUSING (the "Department"), having its offices at 100 Veterans Memorial Highway, Hauppauge, New York 11788, the VILLAGE OF PATCHOGUE (the "Municipality"), a municipal corporation of the State of New York having its offices at 14 Baker Street, Patchogue, New York, 11772 and ARTSPACE PATCHOGUE LOFTS L.P., a New York limited partnership with offices at 250 Third Avenue N., Suite 500, Minneapolis, Minnesota 55401 (for purposes of this Agreement only, the "Developer"),

WHEREAS, in furtherance of the objectives of Article XXXVI of the Suffolk County Administrative Code, as amended (the "Program"), the County has undertaken a program for the acquisition, construction, reconstruction and rehabilitation of properties for affordable housing purposes; and

WHEREAS, there exists a need in Suffolk County to provide affordable housing thereby promoting the County's economic growth and prosperity; and

WHEREAS, the County Department of Economic Development and Workforce Housing, the Village of Patchogue and the Developer have identified five sites in the County of Suffolk, to be known as "Artspace Patchogue Lofts", which would be appropriate for development as workforce housing and which are identified by the Suffolk County Tax Map Numbers as follows: 0204-013.00-06.00-001.000; 0204-013.00-06.00-002.000; 0204-013.00-06.00-026.002; 0204-013.00-06.00-037.000; and 204-013.00-06.00-039.000 (as combined, the "Artspace Patchogue Lofts Development Area"); and

WHEREAS, pursuant to Section 36-2 C of Article XXXVI of the Suffolk County Administration Code, it is proposed that the County acquire the parcel known as 20 Terry Street, Patchogue Village and identified by the Suffolk County Tax Map Number 0204-013.00-06.00-002.000, as more particularly described in Schedule A annexed hereto (the "Development Area") subject to final County Legislative authorization of the actual acquisition after determination of the Purchase Price (as defined below), negotiations are completed and a Contract of Sale is executed between the Village of Patchogue and the County, such Contract of Sale to be in form and substance satisfactory to the County (the "Contract of Sale"); and

WHEREAS, it is proposed that the Village of Patchogue donate to this workforce housing development the three parcels identified by the Suffolk County Tax Map Numbers 0204-013.000-06.00-026.002; 0204-013.00-06.00-037.000; and 0204-013.00-06.00-039.000 (which parcel shall, prior to the execution of this Agreement, be transferred from the Patchogue Village Community Development Agency to the Municipality) and will grant

easement rights in and to a fourth parcel identified by the Suffolk County Tax Map Number 0204-013.00-06.00-001.000; all as more particularly described in Schedule A-1 annexed hereto (the "Additional Development Area"); and

WHEREAS, the undersigned acknowledge and agree that, in furtherance of the debt and equity financing necessary for the development of the Artspace Patchogue Lofts Development Area, the Developer will be the beneficial owner of all rights and interests in and to the Artspace Patchogue Lofts Development Area, and ARTSPACE PATCHOGUE HOUSING DEVELOPMENT FUND CORP., a New York not-for-profit corporation and a housing development fund company formed pursuant to Article XI of the N.Y. Private Housing Finance Law, with offices at c/o Artspace Projects, Inc., 250 Third Avenue N., Suite 500, Minneapolis, Minnesota 55401, shall be the nominal fee owner of such interests as nominee for and on behalf of Developer; and

WHEREAS, the Artspace Patchogue Lofts Development will require substantial infrastructure improvements to facilitate the construction of the workforce housing development and , in connection therewith, the Developer, has requested infrastructure funding from the County in an amount not to exceed One Million Five Hundred Seventy Five Thousand Nine Hundred Sixteen (\$1, 575,916.00) Dollars; and

WHEREAS, there has been formulated and presented to the Suffolk County Legislature for consideration and approval an Affordable Housing Development Plan known as the Development Plan for the Artspace Patchogue Lofts Development Area (the "Development Plan"), annexed hereto and made a part hereof as Exhibit B, which Development Plan was approved by the Suffolk County Legislature pursuant to Resolution No. -2009, which provides for the construction, reconstruction and/or rehabilitation of said Artspace Patchogue Lofts Development Area and, *inter alia*, the construction of ancillary facilities at the Artspace Patchogue Lofts Development Area (the "Project) and;

WHEREAS, Resolution No. -2009 authorizes the County to enter into this Agreement to fund the cost of certain infrastructure improvements in connection with the development of the Artspace Patchogue Lofts Development Area and to acquire the Development Area and to convey the Development Area to the Developer for affordable housing purposes in accordance with the Program, subject to the conditions subsequent contained herein, including, without limitation, final County Legislative authorization of the actual acquisition of the Development Area following determination of the Purchase Price and execution of the Contract of Sale;

NOW, THEREFORE, each of the parties hereto, for and in consideration of the promises and agreements of the other party hereto, does covenant and agree as follows:

ARTICLE 1

PROPERTY CONVEYANCE AND INFRASTRUCTURE IMPROVEMENTS

101. Purchase, Sale Agreement and Mortgage. The County agrees to purchase the Development Area from the Municipality for a total purchase price (the "Purchase Price") of THREE HUNDRED SEVENTY-FIVE THOUSAND and 00/100 DOLLARS (\$375,000.00) or the appraised value of the Development Area, as determined by the Environmental Trust Review Board, whichever is less (the "Land Subsidy"). The Development Area will be purchased pursuant to the terms of the Contract of Sale. Thereafter the County will convey its interest in the Development Area to the Developer, subject to the terms and conditions of this Agreement, the Development Plan, the Note and Mortgage to be issued by the Developer to the County (the "Note" and "Mortgage") in the amount of the Purchase Price, in the form and substance reasonably satisfactory to the County, and the Program. Notwithstanding the foregoing, it is understood and agreed that, in addition to such other conditions as are contained herein, the County's obligation to purchase the Development Area is conditioned upon the review of the Environmental Trust Review Board and a determination of the Purchase Price, after consultation with the Internal Appraisal Review Panel, and the subsequent final County Legislative authorization of the actual acquisition of the Development Area following execution of the Contract of Sale. Accordingly, following the date hereof, the Director of the Division of Real Property Acquisition and Management or her designee, pursuant to Suffolk County Charter §C42-2C(3)(d), is hereby authorized and empowered to negotiate the Purchase Price for the acquisition from the Municipality by the County of the Development Area, and further to provide whatever additional support is requested by the Department of Economic Development and Workforce Housing and its Division of Affordable Housing, and by the County Attorney pursuant to Suffolk County Charter §C16-2. In addition, following the date hereof, the County Executive, the County Attorney, the Commissioner of the Department of Economic Development and Workforce Housing and the Director of Affordable Housing are hereby authorized, respectively, to take such further actions, including, seeking final County Legislative authorization of the acquisition of the Development Area, as may be necessary or desirable to effectuate the purposes and intent of this Agreement and to execute any and all documents necessary and/or desirable to effectuate the purpose and intent of the Project.

102. Closing.

- A. County shall give Municipality and Developer at least ten (10) business days prior notice of the date, time and place for the closing (the "Closing") which shall be deemed to be and include the simultaneous closing of all contracts as referred to in paragraph 102 (D) below. The Closing shall be during normal business hours.
- B. The deed for the Development Area (the "Deed") to be delivered by the County to the Developer hereunder shall be a Quitclaim Deed with Covenants and Restrictions satisfactory to the County and the Municipality. To the

extent that the terms, conditions, provisions, covenants and/or agreements contained in this Agreement conflict or are inconsistent with the terms, conditions, provisions, covenants, agreements and/or restrictions of said Deed, the Deed shall govern.

- C. The Note and Mortgage shall be delivered by the Developer to the County in accordance with the terms and conditions set forth in the Development Plan.
- D. The Closing for the conveyance of the Development Area from the Municipality to the County shall be subject to, and a condition of, the simultaneously closing for the conveyance of the Development Area from the County to the Developer, the Closing for the conveyance of the Additional Development Area from the Municipality to the Developer pursuant to the terms of a Quitclaim Deed with Covenants and Restrictions satisfactory to the County and the Municipality and the granting of easement rights with respect to parcel # 0204-013.00-06.00-001.000.

103. Certain Conditions of Conveyance.

- A. General Conditions. The County's interest in the Development Area shall be conveyed to the Developer subject to all of the following conditions:
 - 1. Any state of facts an accurate survey may show provided the same does not render the title unmarketable.
 - 2. All the terms, covenants and conditions of this Agreement.
 - 3. The provisions of Article XXXVI of the Suffolk County Administrative Code as amended.
 - 4. Covenants, easements and restrictions, encroachments, utility easements and rights of way of record.
 - 5. Any and all municipal liens or encumbrances of record existing on the date of Closing or thereafter listed or recorded resulting from an inspection made of the Development Area prior to the date of purchase.
 - 6. The provisions of all laws, codes, statutes, ordinances, acts, rules and regulations of local, state or federal government, and any agency or subdivision thereof.
 - 7. The Development Plan and any building restrictions and zoning regulations in effect at the time of Closing and any facts disclosed in the Suffolk County tax maps.

8. Simultaneous Closing of all contracts of conveyance for the Artspace Patchogue Lofts Development Area. In the event that one party is unable to close on the agreed upon closing date, the closing may be adjourned for up to five (5) business days upon consent of the other parties, providing that the party requesting the adjournment agrees to pay any costs associated with the adjournment.
 9. Compliance with the financing conditions set forth at §105.
- B. Additional Conditions. The Development Area shall also be conveyed to the Developer in accordance with the following:
1. No Obligation. Except as specifically set forth herein, County shall have no obligation to bring any action or to incur any expense to make the title to the Development Area comply with the provisions of this Agreement.
 2. New York State Real Estate Transfer Tax. The Developer shall pay the Real Estate Transfer Tax, if any, imposed pursuant to Chapter 347 of the Laws of New York of 1968, as amended, on the conveyance of the Development Area. The Developer shall not be entitled to any exemption or deduction which might otherwise be available solely because the County is the grantor of the Development Area.
 3. Recording. The Developer shall cause this Agreement, the Deed, the Development Plan and Mortgage described in the Development Plan to be recorded immediately following the Closing and shall pay all required recording fees and taxes, if any.
 4. Condition of Development Area. The Developer shall accept the Development Area in "as is" condition. County does not warrant or represent the suitability of the Development Area for the Project and has made no other representations regarding the condition of the Development Area. The Developer represents that it has inspected the Development Area and is fully familiar with its condition.
 5. No Prior Defaults. Failure by the Developer to pay municipal taxes and other charges under any debt, lease, contract or obligation to the County, or any of the County's agencies or departments, may disqualify the Developer from obtaining title to the Development Area.
 6. Clean Up Costs. Any charges, costs, assessments or levies imposed by Municipality or Developer or any other governmental entity against County for any cost incurred or projected to be incurred for the cleaning up of any debris on the Artspace Patchogue Lofts

Development Area shall be paid by Municipality immediately upon receipt by Municipality, from County or otherwise, of any bill, assessment or levy therefore. County shall have neither responsibility nor any obligation for the payment or reimbursement of any such charges, costs, assessments or levies.

104. Infrastructure Improvements. In addition to the acquisition costs set forth above, and subject to the closing of all contracts referred to in paragraph 102.(D) above, the County agrees to provide funding to the Developer in an amount not to exceed ONE MILLION FIVE HUNDRED SEVENTY FIVE THOUSAND NINE HUNDRED SIXTEEN and 00/100 DOLLARS (\$1,575,916.00) (the "Infrastructure Subsidy") to subsidize a portion of the cost of infrastructure improvements to the Artspace Patchogue Lofts Development Area. These funds are intended to off-set the costs of roads, curbs, lighting, sidewalks, drainage, pavements, landscaping, piping and related infrastructure improvements and costs. In accordance herewith the Developer agrees to deliver to the County an easement running in favor of the County covering the portion of the Artspace Patchogue Lofts Development Area upon which said infrastructure improvements will be constructed. The Developer will finance the infrastructure costs and the County shall pay the subsidy in an amount not to exceed ONE MILLION FIVE HUNDRED SEVENTY FIVE THOUSAND AND NINE HUNDRED SIXTEEN and 00/100 DOLLARS (\$1,575,916.00) to the Developer upon the completion, to the reasonable satisfaction of the County, of all infrastructure improvements constructed in accordance with all applicable laws, codes, rules and regulations. At the time of payment, the Developer shall deliver to the County a Note and Mortgage (the "Infrastructure Note and Mortgage, and together with the Note and Mortgage, the "Subsidy Note and Mortgage"), in the form and substance reasonably satisfactory to the County and the Program, in the amount paid by the County not to exceed ONE MILLION FIVE HUNDRED SEVENTY FIVE THOUSAND AND NINE HUNDRED SIXTEEN and 00/100 DOLLARS (\$1,575,916.00) and in accordance with the terms and conditions set forth in the Development Plan, which shall be filed as a subordinate lien against the Artspace Patchogue Lofts Development Area.
105. Financing. As a condition precedent to the County's obligations hereunder and under the Contract of Sale, the Developer shall have delivered to the Department documents satisfactory to the Department indicating that there are sufficient public and/or private funds committed to complete the Project. In the event federal or state grant funds are obtained to finance the Project, the federal and state requirements shall be met. Notwithstanding the foregoing, if the County's requirements are more stringent, the County's requirements shall prevail.
106. Additional Conditions. As additional conditions precedent to the County's obligations hereunder and under the Contract of Sale, the following conditions shall have been met:

- A. The Developer shall have executed and delivered a third-party Management Agreement for the operations of Artspace Patchogue Lofts.
- B. The Developer shall have executed and delivered a Consulting Agreement pursuant to which a third party entity will be designated to administer the income eligibility, selection and lottery process for residents of Artspace Patchogue Lofts.
- C. The Developer shall provide the County with an accurate written description of the contractors and subcontractors to be utilized in the development of the Artspace Patchogue Lofts Development Area and a breakdown of submitted bids.
- D. The Developer shall provide the County with documentation necessary to verify the Infrastructure Funds requested.

ARTICLE 2

MUNICIPALITY'S AND DEVELOPER'S RESPONSIBILITIES

- 201. Covenants. Municipality and Developer hereby represent and covenant and agree for themselves and every successor in interest to the Development Area or any part thereof, as follows:
 - A. Construction of the Project. Construction of the Project shall commence no later than two (2) months from the date of Closing and shall proceed diligently to completion of the Project within twenty-four (24) months from the date of the Closing, or to such later date as may be agreed to by the parties for cause including, without limitation, force majeure. Prior to the commencement of construction, payment and performance bonds shall be provided to the County by the Municipality and the Developer as set forth in section 208 of this agreement. The Municipality and the Developer agree to ensure the construction of the Artspace Patchogue Lofts Development Area in accordance with this Agreement, the Development Plan and all other documents executed and/or delivered in connection therewith
 - B. Plans and Specifications. Municipality and Developer agree to undertake and carry out the construction of the Project in accordance with the Development Plan and the applicable building and fire codes and zoning restrictions which are in effect. Municipality and Developer may make amendments, modifications or corrections to the Development Plan, provided that the same comply with the requirements of the applicable building codes and zoning restrictions which are in effect, and provided, further that any modifications,

amendments or corrections to the Development Plan which affect (i) the site plan or (ii) the total number and distribution as to type of dwelling units shall require the prior written approval of the Department. In addition to the foregoing, any material changes to the Development Plan shall also require prior written approval of the Suffolk County Legislature. "Material Change" shall be as reasonably determined by the Director of Affordable Housing of the Department of Economic Development and Workforce Housing (the "Director"). Any requests to modify the site plan or total number and distribution as to type of dwelling units shall be made in accordance with the notice requirements of Section 515 of this Agreement.

As of the date hereof, the applicable zoning regulations are consistent with the land use and development contemplated in the Development Plan. If the Development Plan is modified or amended, each change must be approved by the Department. The Department shall make reasonable efforts to assist Municipality and/or Developer in any proceeding, other than judicial proceedings initiated by Municipality and/or Developer to obtain other necessary County approvals.

- C. Impairment of County Lien; Repayment of Development Subsidy. Municipality and Developer covenant and agree and will require any successors, assigns and transferees to covenant and agree, that it shall not undertake any action or activity which shall impair or have the effect of impairing the lien of the County in an amount equal to the acquisition costs of the real property comprising the Development Area to be acquired by the County and the infrastructure costs paid by the County for the development of the Project as required by the Program except as authorized under this Agreement. Notwithstanding the foregoing, the County acknowledges and agrees that its lien shall be subordinated to all other financing necessary to complete the Project.

This Land Subsidy and the Infrastructure Subsidy, imposed upon the Project in accordance with the Program, shall be repaid if and when the affordability requirements are not met and, in any case, as specified in the Development Plan or any Note, Mortgage or Deed evidencing such subsidy or in accordance with the Program.

- D. Program requirements for the Municipality.

1. Municipality shall offer incentives, such as density bonuses, fast-track approvals, fee waivers, and/or financial assistance, such as community development block grant funds, industrial development bonds and/or tax credits, to the proposed affordable housing development prior to the acquisition of the Development Area.

2. If the Developer is a for-profit development entity then any amount of profit realized by the Developer must conform to New York State HFA and DHCR (or its successors') guidelines.
3. Prior to acquisition of the Development Area by the County, the Municipality shall, by resolution or other legislative act, approve the Development Agreement and Development Plan, including, without limitation, numbers of units of affordable housing, the targeted occupants, the method of selecting the occupants, the rents to be paid by the occupants and the restrictions as set forth in the Development Plan.
4. Notwithstanding the foregoing, the Developer shall be responsible for the payment of all fees to the Municipality, including but not limited to, all permit and application fees, building and site inspection fees, fire alarm and sprinkler review, sewer inspection and hook-up fees, ad valorem taxes and key money.

E. County Approval of Municipality's Agreements.

1. Municipality shall submit to the County for written approval, all final documents and/or agreements necessary to effectuate the conveyance of the Development Area from Municipality to the County at least twenty (20) business days prior to closing.
2. All agreements between Developer and Municipality shall incorporate by reference the Development Agreement herein, and include a provision that Developer, in addition to Municipality, expressly assumes all obligations, terms and conditions set forth in this Agreement and the Development Plan.

202. Project Signs. The Developer shall, at its own cost and expense, promptly erect and maintain a Project sign identifying the interest of the parties in lettering of such size and form as shall be approved by the Department. The provisions of this Paragraph 202 shall survive the Closing until Completion of Construction as described immediately below in Paragraph 203.

203. Completion of Construction. Construction of the Project shall be deemed complete when (i) a temporary or permanent Certificate of Occupancy has been issued by the Municipality for all of the residential units constructed for the Artspace Patchogue Lofts Development Area, and (ii) the Municipality certifies in writing to the Department that the Project meets all applicable building and fire codes and zoning restrictions and that all the Project construction obligations of the Developer have been met ("Completion of Construction"). Municipality may certify as to completion of portions of the Project so long as (i) and (ii) above have been met for such portion.

204. Drawings. Upon completion of the Project, the Developer shall submit to the Department three (3) sets of "as built" surveys of the Project showing all the construction certified as complete by Municipality. The "as built" surveys shall indicate, on its face, the locations of all buildings, rights-of-way, utility and other easements and work as actually built and installed. Such locations shall be shown by offset distances from permanent surface improvements such as buildings, retaining walls or curbs and such sizes shall be shown by dimensions in feet and inches.
205. Reports. The Developer and the Municipality shall submit a narrative report in writing to the Director within six (6) months after the Closing, and every three (3) months thereafter, up to the time of Completion of Construction pursuant to Paragraph 203 above, as to the progress of the construction on the Artspace Patchogue Lofts Development. Each report shall also include, but not be limited to, (i) a progress report from the supervising architect or engineer; (ii) the dates of completion and occupancy of any housing unit; (iii) the name of each renter, (iv) the total household income, from all sources, of the renter(s), and his/her/their family; and (v) the total rental amount of each housing unit. In addition, Municipality shall provide a report to the Director no later than December 31st of each year of this Agreement outlining the exact and precise use to which any such parcels have been put and the rental income to be derived from such affordable housing units. Said year-end report shall also state whether or not the parcels have been utilized for affordable housing purposes and whether or not the restrictive covenants contained in any deeds of conveyance ensuring such utilization have been adhered to.
206. Limitation on Use of Development Area. Municipality and Developer, prior to Completion of Construction of the Project, shall not rent, license or permit temporary use of the Artspace Patchogue Lofts Development Area for purposes unrelated to the construction of the Project; provided, however, that Municipality and Developer may enter into leases for the rental units in the Project, as set forth in the Development Plan, prior to completion of the Project. The Project may temporarily contain a rental office and an appropriate number of model units as may be applicable.
207. Access. After Closing, Municipality and Developer shall permit the representatives of the County access to the Artspace Patchogue Lofts Development Area upon prior reasonable notice and at all reasonable times, for the purposes of this Agreement, including, but not limited to, inspection of all work being performed in connection with the construction of the Project. It is agreed by the parties hereto that "reasonable time" shall be normal working hours for construction trades in Suffolk County. No compensation or other charge or sum shall be payable or made by any party for access provided for in this Paragraph 207.
208. Bonds. Municipality and Developer shall provide or require any successors, assigns, transferees or contractors to provide payment and performance bonds or such other security as is acceptable to County in such amounts as will ensure the completion of the Project. The forms of such bonds or other security shall also be acceptable to County.

209. Compliance With Laws. Municipality and Developer, and any successors, assigns, transferees, contractors and subcontractors shall comply with all applicable Federal, State, and local laws, rules, regulations, ordinances and codes including, but not limited to, zoning, building and fire codes.
210. Living Wage Law. This Agreement is subject to the Living Wage Law of the County of Suffolk (Suffolk County Local Law Chapter 347). The law requires that, unless specific exemptions apply, all employers (as defined therein) under service contracts and recipients of County financial assistance (as defined therein) provide payment of a minimum wage to employees as set forth in the Living Wage Law. Such rate shall be adjusted annually pursuant to the terms of the Suffolk County Living Wage Law of the County of Suffolk. Under the provisions of the Living Wage Law, the County shall have the authority, under appropriate circumstances, to terminate this Agreement and to seek other remedies as set forth therein, for violations of this law.
211. Validity of Agreements; Authorizations. The Municipality and the Developer each represents to the County, as to itself, that each has full power and authority to execute and deliver this Agreement, and each of other documents contemplated to be executed and delivered hereunder (the “Development Documents”) and to consummate the transactions contemplated hereby and thereby. All Development Documents have been duly executed and delivered and all Development Documents, as applicable, represent the legal, valid and binding obligation of the Municipality and the Developer, as applicable, enforceable against each, as applicable, in accordance with its terms.

ARTICLE III

PROHIBITION AGAINST ASSIGNMENT AND TRANSFER

301. Prohibition Against Transfer of Property and Assignment of Agreement. Municipality and Developer represent and agree for itself and its successors and assigns that, except for Permitted Encumbrances, as described in the Development Plan, and transfer to Developer for the purpose of performing its obligations with respect to the construction, ownership, management, marketing and operation of the Project pursuant to this Agreement, the Municipality and Developer have not made or created, and will not prior to the Completion of Construction, make or create, or suffer to be made or created, any total or partial sale, assignment, conveyance, mortgage or lease, except the rental of individual residential units in the normal course of business, or any trust or power, or transfer in any other mode or form of, or with respect to this Agreement or the Artspace Patchogue Lofts Development Area or any part thereof or any interest in the real property therein, or any contract or agreement to do any of the same.
302. Representation as to the Development. Municipality and the Developer represent and agree that its undertakings pursuant to this Agreement are and will be used for the

sole purpose of constructing, reconstructing or rehabilitating affordable housing in the Artspace Patchogue Lofts Development Area and for no other purpose inconsistent therewith. Municipality and Developer recognize, in view of (1) the importance of the development of the Artspace Patchogue Lofts Development Area to the general welfare of the community; and (2) the substantial financing and other public aids that have been made available by law and by governmental entities for the purpose of making such development possible, that the County is relying on Municipality and Developer for the faithful performance of all undertakings and covenants hereby to be performed by Municipality and Developer.

ARTICLE IV

REACQUISITION

401. Reversion of Title to the County.

- A. Without limiting, and in addition to, any other rights or remedies available to the County pursuant to the Subsidy Note and Mortgage, in the event that subsequent to conveyance of the Artspace Patchogue Lofts Development Area, or any part thereof to Developer, and prior to Completion of Construction in accordance with Paragraph 203 hereof, Municipality, Developer or successor in interest, as the case may be, shall fail to effect the Completion of Construction within the time specified in Paragraph 201(A), unless the Director has granted an extension in writing for good cause shown, said extension to be no longer than two (2) years unless approved by a duly enacted resolution of the Suffolk County Legislature, and in accordance with the Development Plan, and if such failure is not remedied within sixty (60) days after the Director has provided written notice of such failure, then the County shall have the right subject to the laws of the State of New York to re-enter and take possession of the Artspace Patchogue Lofts Development Area and to terminate and re-vest in the County the estate conveyed to Developer, subject to the Permitted Encumbrances as described in the Development Plan. Notwithstanding anything to the contrary herein, if the condition giving rise to the County's right to re-enter is such that correction or cure is impossible or impracticable to complete within the period specified above, then Developer shall be obligated to commence to cure or correct the condition within such period and thereafter diligently to prosecute the cure or correction of such condition to completion. It is the intent of this Agreement that the conveyance of the Artspace Patchogue Lofts Development Area to Developer shall be made upon the condition that, if any default, failure, violation, or other action or inaction by Developer specified in the above subdivisions of this Paragraph 401(A) is not remedied, ended or abrogated within the period, if provided, in the manner stated in such subdivisions, the Department, at its option may declare a termination of the title in favor of the County, and, upon the exercise of such reverter, all the rights and interest of Developer, and any assigns or

successors in interest to and in the Artspace Patchogue Lofts Development Area, shall revert to the County.

- B. Notwithstanding the foregoing, any re-vesting of title in the County shall always be subject to and limited by, and shall not defeat, render invalid, or limit in any way the Permitted Encumbrances as described in the Development Plan or the lien of any mortgage to which the County has subordinated its lien as listed in the Development Plan. Further, upon request by Developer or any successor and assign, the County will deliver to Developer and the holder of a mortgage providing construction financing, at the time of the Closing, an instrument in recordable form whereby the County's priority of rights and interests of and to any mortgage of the County or running in favor of the County on the Artspace Patchogue Lofts Development Area, or any part thereof, are subordinated to the lien of the mortgage for construction on the Artspace Patchogue Lofts Development Area. Such subordination shall be upon such terms and conditions as are acceptable to the County.
- C. After any breach or default referred to in Paragraph 401(A) above, any holder of a mortgage shall, insofar as the rights of the County are concerned, have the right, at its option within an additional sixty (60) days after the time period above provided to cure or remedy such breach or default, or such breach or default to the extent that it relates to the part of the Artspace Lofts Development Area covered by its mortgage, and/or to undertake or continue the completion of the Project in the manner provided by this Agreement and to add the cost thereof to the mortgage debt and the lien of its mortgage, provided, that if the breach or default is such that correction or cure is impossible or impracticable for said holder to complete within sixty (60) days in addition to the time to cure granted to Developer, then said holder shall promptly commence to cure or correct the breach or default within such sixty (60) day period, or to commence foreclosure or other appropriate proceedings to acquire possession of the Artspace Patchogue Lofts Development Area if possession is necessary to cure the breach or default, and diligently prosecute to completion such action as may be necessary to cure such default, subject however to the Permitted Encumbrances as described in the Development Plan. Any such holder who shall properly complete the Project on the Artspace Patchogue Lofts Development Area or applicable part thereof shall be entitled, upon written request made to Developer, to a certification or certifications by Developer to such effect in the manner provided in this Agreement, and any such certification shall, if so requested by such holder, mean and provide that any remedies or rights with respect to recapture of or reversion or re-vesting of title to the Artspace Patchogue Lofts Development Area that the County shall have or be entitled to because of failure of Municipality or any successor in interest to the Artspace Patchogue Lofts Development Area, or because of any other default in or breach of the Agreement by the Developer or such successor, shall not apply to the part or

parcels of the Artspace Patchogue Lofts Development Area to which such certification relates.

- D. A copy of any notice to Municipality or Developer by the County pursuant to Paragraph 401(A) shall be simultaneously sent to the holders of mortgages that have been designated as having the right to receive such notice and the right to cure defaults under the Deed or this Agreement, at the address of such holders as shall have been furnished to the County, and no such notice shall be effective as against such holder unless such notice is also given to the designated holders as provided herein. No more than two (2) holders will have the right to receive notice and the right to cure defaults under this Agreement. All holders must jointly, in a letter to be delivered to the Department at the Closing designate the two holders for such purposes.
- E. If title to the Development Area is re-vested in the County and the Department determines to re-sell its interest in the Artspace Patchogue Lofts Development Area, the proceeds from the sale of such interest, if any, shall be retained by County. The parties hereby agree that any surplus money paid into a court as the result of any foreclosure of any lien on any portion of the Artspace Patchogue Lofts Development Area prior to Completion of Construction for that portion are hereby assigned to County. Municipality or Developer further agree to execute any instrument needed for recording to effectuate such assignment.

ARTICLE V

GENERAL PROVISIONS

- 501. Non-Discrimination. Municipality and Developer covenant and agree, for and on behalf of itself, its successors and assigns, and every successor in interest to the Artspace Patchogue Lofts Development Area, or any part thereof, to be bound by the following covenants, which shall be binding for the benefit of the County and enforceable by the County against Municipality, Developer and the successors and to the fullest extent permitted by law and equity:
 - A. Non-Discrimination in Employment and Affirmative Action. Municipality and Developer agree in connection with the performance of this Agreement that neither Municipality nor the Developer, its successors and assigns, and any lessees of the Artspace Patchogue Lofts Development Area shall discriminate against employees or applicants for employment because of race, creed, color, national origin, sex age, disability, sexual orientation, military status or marital status, and will undertake or continue existing programs of affirmative action to ensure that women and minority group members are afforded equal

employment opportunities without discrimination. Affirmative action shall mean recruitment, employment, job assignment, promotion upgrading, demotion, transfer, layoff, or termination and rates of pay or other forms of compensation.

- B. Non-Discrimination in Services. Municipality, its successors and assigns, and any lessees of the Artspace Patchogue Lofts Development Area or any improvements erected, or to be erected thereon, or any part thereof, shall not effect or execute any agreement, lease, conveyance, or other instrument whereby the sale, lease, or occupancy of the Artspace Patchogue Lofts Development Area or any improvements erected or to be erected thereon, or any part thereof, nor utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination because of their race, creed, national origin, sex, age, disability, sexual orientation, alienage, citizenship or marital status or have the effect of defeating or substantially impairing accomplishment of the objectives of the program in respect to individuals of a particular race, creed, national origin, sex, age, disability, sexual orientation, alienage, citizenship or marital status. Further, during the performance of this Agreement:
1. Neither Municipality nor Developer shall on the grounds of race, creed, color, national origin, sex, age disability, sexual orientation, military status or marital status:
 - a. Deny any individual any services or other benefits provided pursuant to this Agreement; or
 - b. provide any services or other benefits to an individual that are different, or are provided in a different manner, from those provided to others pursuant to this Agreement; or
 - c. subject an individual to segregation or separate treatment in any matter related to the individual's receipt of any service(s) or other benefits provided pursuant to this Agreement; or
 - d. restrict an individual in any way in the enjoyment of any advantage or privilege enjoyed by others receiving any services or other benefits provided pursuant to this Agreement; or
 - e. treat an individual differently from others in determining whether or not the individual satisfies any eligibility or other requirements or condition which individuals must meet in order to receive any aid, care, service(s) or other benefits provided pursuant to this Agreement.
 2. Neither Municipality nor Developer shall utilize criteria or methods of administration which have the effect of subjecting individuals to discrimination because of their race, creed, color, national origin, sex, age, disability, sexual orientation, military status or marital status, or have the effect of defeating or substantially impairing accomplishment of the objectives of this Agreement in respect to individuals of a

particular race, creed, color, national origin, sex, age, disability, sexual orientation, military status or marital status in determining:

- a. the types of service(s) or other benefits to be provided; or
 - b. the class of individuals to whom, or the situations in which, such service(s) or other benefits will be provided; or
 - c. the class of individuals to be afforded an opportunity to receive service(s).
- C. Municipality and Developer, and their successors and assigns, and any lessees of the Artspace Patchogue Lofts Development Area or any improvements erected or to be erected thereon, or any part thereof, shall include the covenants of Paragraphs 501(A) and (B) in any agreement, lease, conveyance, or other instrument with respect to the sale, lease, or occupancy of the Artspace Patchogue Lofts Development Area or any improvements erected or to be erected thereon, or any part thereof.
- D. Municipality and Developer agree that compliance with this Paragraph 501 constitutes a material term of this Agreement, and that it is binding upon the Municipality, Developer and their successors, transferees, and assignees for the period of this Agreement. The Municipality and Developer also understand that the County may, at its discretion, seek a court order requiring compliance with the terms of this Paragraph 501 or seek other appropriate judicial relief.
- E. Notwithstanding the foregoing, the County acknowledges and agrees that there shall be a preference granted in connection with the rental of units in Artspace Patchogue Lofts, which preference shall be exercised in a manner which is non-discriminatory and which preference is more particularly described in the Marketing Plan annexed to the Development Plan.

502. Gratuities and Disclosure Statement.

- A. Gratuities. Municipality and Developer represent and warrant, and shall require its successors and assigns to represent and warrant, that it has not offered or given any gratuity to any official, employee or agent of Suffolk County or New York State or of any political party, with the purpose or intent of securing an agreement or securing favorable treatment with respect to the awarding or amending of an agreement or the making of any determinations with respect to the performance of an agreement, and that the signer of this Agreement has read and is familiar with the provisions of Local Law No. 32-1980 of Suffolk County (Chapter 386 of the Suffolk County Code).
- B. Disclosure Statement. Municipality and Developer each represent and warrant, and shall require their successors and assigns, to represent and warrant, that, unless exempt, they have filed with the Comptroller of Suffolk County the verified public disclosure statement required by Suffolk County Administrative Code A5-7 and shall file an update of such statement with the

said Comptroller on or before the 31st day of January in each year of this Agreement's duration. Municipality and Developer acknowledge that such filing is a material, contractual and statutory duty and that the failure to file such statement shall constitute a material breach of this Agreement, for which the County shall be entitled, upon a determination that such breach has occurred, to damages, in addition to other legal remedies, of fifteen percent (15%) of the amount of the Agreement.

503. Conflicts of Interest.

- A. Municipality and Developer agree that neither will, during the term of this Agreement, engage in any activity that is contrary to and/or in conflict with the goals and purposes of the County.
- B. Neither Municipality nor Developer may simultaneously represent other clients in matters or proceedings adverse to the County or its agencies without the prior written approval of the County. The representation of any individual in a dispute concerning the legal relationship between the individual and the County or its agencies would also create a conflict that will require disqualification.
- C. Municipality and Developer are charged with the duty to disclose to the County the existence of any such adverse interests, whether existing or potential. This duty shall continue so long as the term of this Agreement. The determination as to whether or when a conflict exists or may potentially exist shall ultimately be made by the County Attorney after full disclosure is obtained.

504. Confidentiality. Any records, reports or other documents of the County or any of its agencies used by Municipality and/or Developer pursuant to this Agreement or any documents created as a part of this Agreement shall remain the property of the County and shall be kept confidential in accordance with applicable laws, rules and regulations.

505. Prohibition Against Contracting with Corporations that Reincorporate Overseas. Municipality and Developer each represent that they are in compliance with Suffolk County Administrative Code §§ A4-13 and A4-14, found in Suffolk County Local Law No. 20-2004, entitled "A Local Law to Amend Local Law No. 5-1993, To Prohibit The County of Suffolk From Contracting With Corporations That Reincorporate Overseas." Such law provides that no contract for consulting services or goods and services shall be awarded by the County to a business previously incorporated within the U.S.A. that has reincorporated outside the U.S.A.

506. Use of County Resources to Interfere with Collective Bargaining Activities Local Law No. 26-2003.

Municipality and Developer represent and warrant that they have read and are familiar with the requirements of Chapter 466, Article 1 of the Suffolk County Laws,

“Use of County Resources to Interfere with Collective Bargaining Activities.” Municipality and Developer shall comply with the requirements of Local Law No. 26-2003

507. Certification as to Relationships. Pursuant to Suffolk County Code Chapter 143, Article II and Suffolk County Code § 143-6(B) specifically, the parties to this Agreement hereby certify that, other than the funds provided in this Agreement and other valid Agreements with the County, there is no known relationship within the third degree of consanguinity, life partner, or business, commercial economic or financial relationship between the parties, the signatories to this Agreement, and any partners, members, directors, or shareholders of five (5%) percent or more of any party to this Agreement.
508. Use of Funds in Prosecution of Civil Actions Prohibited. Pursuant to the Suffolk County Code § 590-3, Developer and Municipality represent that they shall not use any of the moneys received under this Agreement, either directly or indirectly, in connection with the prosecution of any civil action against the County of Suffolk or any of its programs funded by the County, in part or in whole, in any jurisdiction or any judicial or administrative forum.
509. Suffolk County Local Laws. Suffolk County Local Laws, Rules and Regulations can be found on the Suffolk County website at [www.co.suffolk](http://www.co.suffolk.ny.us)<<http://www.co.suffolk.ny.us>>. Click on “Laws of Suffolk County” under “Suffolk County Links”.
510. Survival. None of the provisions of this Agreement are intended to or shall be merged by reason of any deed transferring title to the Development Area from the County to Developer or any successor in interest, and any such deed shall not be deemed to affect or impair the provisions and covenants of this Agreement, all of which shall survive the delivery of the deed.
511. Binding Effect. This Agreement shall inure to the benefit of and be binding upon any successor or assign of any party hereto, but this provision shall not operate to permit any assignment or other voluntary transfer of any rights created hereunder except in such manner as may be expressly permitted by this Agreement.
512. Execution of Documents.
- A. This Agreement may be executed in any number of counterparts and each of such counterparts shall for all purposes be deemed to be an original; and all such counterparts shall together constitute but one and the same Agreement.
 - B. 1. Subsequent to the full execution of this Agreement, the Commissioner of Department or the Director of Affordable Housing may execute on behalf of

County such agreements, documents or instruments as are necessary or desirable to accomplish the purposes of the Project.

2. Subsequent to the full execution of this Agreement, Mayor Paul Pontieri, or his successor, may execute on behalf of Municipality such agreements, documents or instruments as are necessary or desirable to accomplish the purposes of the Project.

513. County Employees. No official or employee of the County shall have any personal interest, direct or indirect, in this Agreement nor shall any such member, official or employee participate in any decision relating to this Agreement or any agreement arising out of or through this Agreement which affects his or her personal interest or the interest of any corporation, partnership or association in which he or she is directly or indirectly interested. No person hired by Municipality or Developer shall be considered employees of the County for any purpose whatsoever.
514. Headings. Any headings or titles of the several parts, Articles, Paragraphs, Subparagraphs and Sections of this Agreement are for convenience only and shall be disregarded in construing or interpreting any of its provisions.
515. Notices. Any communication, notice, claim for payment, report or other submission, including but not limited to, submissions regarding insurance, indemnification and/or termination, necessary or required to be made by the parties regarding this Agreement shall be in writing and shall be given to the County and Municipality and/or Developer or their designated representative at the following addresses or at such other address that may be specified in writing by the parties and must be delivered as follows:

A. Notices Relating to Payments, Reports, or Other Submissions:

For the COUNTY and the DEPARTMENT:
By Registered or Certified Mail in Postpaid Envelope or by Nationally
Recognized Courier Service, return receipt requested

Suffolk County Department of Economic Development and Workforce
Housing
H. Lee Dennison Building
100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, New York 11788
Attention: Jill Rosen-Nikoloff, Director of Affordable Housing

and

Suffolk County Department of Law
H. Lee Dennison Building

100 Veterans Memorial Highway
P.O. Box 6100
Hauppauge, New York 11788
Attention: Christine Malafi, County Attorney

FOR MUNICIPALITY:
By Registered or Certified Mail in Postpaid Envelope or by
Nationally Recognized Courier Service

Village of Patchogue
14 Baker Street
Patchogue, New York 11772
Attn: Hon. Paul Pontieri, Jr., Mayor

and

Egan & Golden, LLP
96 S. Ocean Avenue
Patchogue, NY 11772
Attn: __ Brian T. Egan, Esq.

FOR DEVELOPER:
By Registered or Certified Mail in Postpaid Envelope or by
Nationally Recognized Courier Service

Artspace Patchogue Lofts L.P.
c/o Artspace Projects, Inc.
250 Third Avenue N., Suite 500
Minneapolis, Minnesota 55401
Attn: William Law, COO

and

Cannon Heyman & Weiss, LLP
726 Exchange Street, Suite 516
Buffalo, New York 14210
Attn: Steven J. Weiss, Esq.

B. Notices Relating to Litigation.

1. Any notice by any party to another with respect to the commencement of any lawsuit or legal proceeding against the other, shall be effected pursuant to and governed by the New York State Civil Practice Law and Rules or the Federal Rules of Civil Procedure, as applicable.
2. In the event Municipality or Developer receives a notice or claim or becomes a party (plaintiff, petitioner, defendant, respondent, third party complainant, third party defendant) to a lawsuit or any legal proceeding related to this Agreement, the Municipality and/or Developer shall immediately forward to the County Attorney, at the addresses set forth in sub-paragraph A above, copies of all papers filed by or against the Municipality and/or Developer. Notices shall be sent as provided in paragraph A above.

The notice shall also be in accordance with Section 401 above.

Each party shall give prompt written notice to the other party of the appointment of successor(s) to the designated contact person(s) or in the event of a change of address or contact, which such address or contact, shall thereafter be the address or contact to which notices are sent.

516. No Implied Waiver. No waiver shall be inferred from any failure or forbearance of the County to enforce any provision of this Agreement in any particular instance or instances, but the same shall otherwise remain in full force and effect notwithstanding any such failure or forbearance.
517. Entire Agreement. This Agreement contains the entire understanding between the parties and may not be amended or modified except by an instrument in writing duly executed by all of the parties hereto.
518. Severability. It is expressly agreed that if any term or provision of this Agreement, or the application thereof to any person or circumstance, shall be held invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and every other term and provision of this Agreement shall be valid and shall be enforced to the fullest extent permitted by law.
519. Provisions Required by Law Deemed Inserted. Each and every provision of law and governmental regulation required by law to be inserted in this Agreement shall be deemed to be inserted herein and this Agreement shall read and shall be enforced as though so included herein. If through mistake or otherwise any such provision is not inserted, or is not correctly inserted, then upon the application of either party, this Agreement shall be deemed to be amended to make such insertion or correction so as to comply strictly with the law and without prejudice to the rights of either party hereunder.

520. Unlawful Provisions Deemed Stricken. If this Agreement contains any unlawful provision not an essential part of this Agreement and which shall not appear to have been a controlling or material inducement to the making thereof, the same shall be deemed of no effect and shall, upon notice by either party, be deemed stricken from this Agreement without affecting the binding force of the remainder.
521. Claims and Actions.
- A. No Claims and Action Officers, Agents or Employees. No claim whatsoever shall be made by Municipality, its successors or assigns, or by Developer against any officer, agent or employee of the County for, or on account of, anything done or omitted to be done in connection with this Agreement.
 - B. Cooperation. If any action is brought against the County, and the action relates in any way to this Agreement or the Artspace Patchogue Lofts Development Area and the County and the Municipality are not adverse parties in that action, then the Municipality and/or Developer shall diligently render to the County without additional compensation, except to the extent of any costs or expenses actually incurred, any and all assistance which the County may require.
 - C. Reports of Actions. Municipality and Developer shall report to the County in writing within ten (10) days of the initiation by or against it of any legal action or proceeding in connection with or relating to this Agreement or the Artspace Patchogue Lofts Development Area.
 - D. All Rights Reserved. Each and every defense, right and remedy that the County has under this Agreement is not exclusive and is in addition to and concurrent with all other defenses, rights and remedies which the County has under this Agreement and which the County otherwise has, will have, or may have under law, equity or otherwise.
 - E. Insurance and Indemnification.
 - 1. Prior to commencement of any work hereunder, Developer agrees to procure, pay the entire premium for, and maintain throughout the term of this Agreement, insurance in amounts and types specified by the County and as may be mandated and increased from time to time. Developer agrees to require that all of its subcontractors, in connection with work performed related to this Agreement, procure, pay the entire premium for and maintain throughout the term of this Agreement, insurance in amounts and types equal to that specified by the County for the Developer. Unless otherwise specified by the County and agreed to by Developer in writing, such insurance shall be as follows:

- a. Commercial General Liability Insurance, including contractual liability coverage, in an amount not less than Two Million Dollars (\$2,000,000.00) per occurrence for bodily injury and Two Million Dollars (\$2,000,000.00) per occurrence for property damage.
 - b. Automobile Liability Insurance (if any vehicles are used in the performance of this Agreement) in an amount not less than Five Hundred Thousand Dollars (\$500,000.00) per person, per accident, for bodily injury and not less than One Hundred Thousand Dollars (\$100,000.00) for property damage per occurrence.
 - c. Workers' Compensation And Employer's Liability Insurance in compliance with all applicable New York State laws and regulations and Disability Benefits Insurance if required by law. Municipality shall furnish to the County, prior to its execution of this Agreement the documentation required by the State of New York Workers' Compensation Board of coverage or exemption from coverage pursuant to §§ 57 and 220 of the Workers' Compensation Law. In accordance with General Municipal Law § 108, this Agreement shall be void and of no effect unless Municipality, its successors, assigns, contractors or subcontractors, including Developer, shall provide and maintain coverage during the term of this Agreement for the benefit of such employees as are required to be covered by the provisions of the Workers' Compensation Law.
2. All policies shall be issued by insurance companies with an A.M. Best rating of A- or better which are licensed to do business in the State of New York. Developer shall furnish to County, Declaration Pages for each such policy of insurance, and upon request, a true and certified original copy of each such policy, evidencing compliance with the aforesaid insurance requirements. In the case of commercial general liability insurance, the County of Suffolk shall be named as an additional insured and Developer shall furnish a Declaration Page and endorsement page evidencing the County's status as an additional insured on said policy. All such Declaration Pages, certificates or other evidence of insurance shall provide for the County of Suffolk to be notified in writing thirty (30) days prior to any cancellation, non-renewal or material change in said policies. Such Declaration Pages, certificates, policies and/or other evidence of insurance and notices shall be mailed to the Department at its address as set forth in this Agreement in the paragraph entitled "Notices" at paragraph 508, or at such other address of which the County shall have given the Developer

notice in writing. If Developer has a self-insurance program under which it acts as a self-insurer for any of such required coverage, it may provide self-funded coverage and certificates or other evidence of such self-insurance in lieu of insurance issued by insurance companies. Developer shall also require its successors, assigns, contractors and subcontractors to provide insurance coverage's in like amounts and quality and naming the County of Suffolk as an additional insured.

3. In the event the Developer, its successors, assigns, contractors, subcontractors, shall fail to provide the Declaration Pages or certificates of insurance or to maintain any insurance required by this Agreement, the County may, but shall not be required to, obtain such policies and deduct the cost thereof from payments due under this Agreement or any other agreement between the County and the Municipality and/or Developer.
 4. Furthermore, Municipality and Developer agree that each shall protect, indemnify and hold harmless the County, its officers, officials, employees, contractors, agents and other persons from and against all liabilities, fines, penalties, actions, damages, claims, demands, judgments, losses, costs, expenses, suits or actions and reasonable attorneys' fees, arising out of the acts or omissions or the negligence of the Developer and/or the Municipality, as applicable, in connection with the services described or referred to in this Agreement. Developer and Municipality shall defend the County and its officers, officials, employees, contractors agents and other persons in any suit, including appeals, or at the County's option, pay reasonable attorney's fees for defense of any such suit arising out of the acts or omissions or negligence of the Municipality and/or the Developer, its officers, officials, employees, subcontractors or agents, as applicable, in connection with the services described or referred to in this Agreement.
- F. Choice of Law and Consent to Jurisdiction and Venue. This Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of law provisions. Venue shall be designated as Suffolk County, New York or the United States District Court for the Eastern District of New York.
- G. Cooperation on Claims. Each of the parties hereto agrees to render diligently to the other party, without additional compensation, except to the extent of any costs or expenses actually incurred, any and all cooperation that may be required to defend the other party, its employees and designated representatives against any claim, demand or action that may be brought against the other party, its employees or designated representatives in connection with this Agreement.

522. Merger. It is expressly agreed that this Agreement represents the entire agreement of the parties, that all previous understandings are merged in this Agreement. No modification of this Agreement shall be valid unless written in the form of an Amendment and executed by both parties. Any and all prior writings, or agreements including, without limitation, oral communications, discussions, negotiations, commitments and understandings relating thereto, are hereby merged herein and superseded hereby.
523. No Commission. No brokerage or any other fee or compensation shall be due or payable by the County for this transaction.
524. Arrears. Municipality and Developer warrant, as to itself that it is not in arrears to County upon debt or contract and are not in default as surety, contractor or otherwise on any obligation to or contract with the County.
525. Withholding of Funds and Set-Off Rights. The County shall have all of its common law, equitable, and statutory rights of set-off. These rights shall include, but not be limited to, the County's option to withhold, for the purposes of set-off, any moneys due to Municipality and/or Developer under this Agreement up to any amounts due and owing to the County with regard to this Agreement and/or any other contract with any County department or agency, including any contract for a term commencing prior to the term of this Agreement, plus any amounts due and owing to the County for any other reason including, without limitation, tax delinquencies, fee delinquencies or monetary penalties relative thereto. The County shall exercise its set-off rights in accordance with normal County practices including, in cases of set-off pursuant to an audit, the finalization of such audit by the County agency, its representatives, or the County Comptroller, and only after legal consultation with the County Attorney.

IN WITNESS WHEREOF, this agreement has been duly executed by the parties hereto.

COUNTY OF SUFFOLK

By: _____

Name: _____

Title: Deputy County Executive

Date: _____

VILLAGE OF PATCHGOGUE

By: HON. PAUL PONTIERI, JR., MAYOR

ARTSPACE PATCHOGUE LOFTS, L.P.

By: Artspace Patchogue Lofts GP LLC,
its Managing General Partner

By: Artspace Projects, Inc., its Sole Member

By: _____

Name: William Law

Title: C.O.O.

APPROVED:
DEPARTMENT OF ECONOMIC

APPROVED AS TO LEGALITY:
CHRISTINE MALAFI

SCHEDULE A

LEGAL DESCRIPTION

(to be provided)

DEVELOPMENT PLAN

(to be provided)

EXHIBIT B

EXHIBIT B
to the
DEVELOPMENT AGREEMENT

SUFFOLK COUNTY
ARTSPACE PATCHOGUE LOFTS
DEVELOPMENT PLAN

ARTSPACE PATCHOGUE LOFTS DEVELOPMENT PLAN

ITEM	DESCRIPTION	EXHIBIT
MUNICIPALITY:	Village of Patchogue	
PROJECT ADDRESS:	Area contains 5 parcels in the Village of Patchogue, located at 20 Terry Street and Taylor Avenue (See attached SCTM)	A
SITE DESCRIPTION:	The entire site is comprised of 8 acres and will be developed as a mixed-use 5 story structure. The first floor contains retail and 6 affordable rental units; the upper 4 floors contain 39 affordable rental units with a preference for artists. The site is zoned D-2 (business district). Special use permit required for the intended use was granted on January 28, 2008. (See attached Legal Description)	B
OWNER: DEVELOPER:	Artspace Patchogue Lofts, LP Artspace Projects, Inc. (See attached Entity Description)	C
SUFFOLK COUNTY TAX MAP NUMBERS:	<ol style="list-style-type: none"> 1. District 204, Section 13, Block 6, Lot 26.2 2. District 204, Section 13, Block 6, Lot 2 3. District 204, Section 13, Block 6, Lot 37 4. District 204, Section 13, Block 6, Lot 39 5. District 204, Section 13, Block 6, Lot 1 	
LAND PURCHASE:	<p>The County will purchase parcel 0204-013.00-06.00-002.000 from the Village of Patchogue. The parcel will then be transferred to the Developer. The Village will donate the 3 adjacent parcels as follows: 0204-013.00-06.00-026.002; 0204-013.00-06.00-037.000; 0204-013.00-06.00-039.000.</p> <p>The Village will also grant easement rights in and to the following parcel: 0204-013.00-06.00-001.000. The properties will be combined for the development of 45 affordable housing units.</p> <p>Suffolk County Land Acquisition contribution = \$375,000 or the appraised value (as determined by the Environmental Review Board), whichever is less; plus an amount not to exceed \$1,575,916 in Suffolk County Infrastructure Funds.</p>	
INFRASTRUCTURE FUNDS:	Suffolk County will subsidize an amount not to exceed \$1,575,916 of the infrastructure costs associated with this development. The funds will be utilized to offset the costs of roads, curbs, lighting, sidewalks, and sewer piping. The owner/developer will finance the infrastructure funds and the funds shall only be paid upon completion of all closing conditions.	
PROJECT DESCRIPTION:	New-construction of five story building: 60,000 square feet, 12-foot ceilings, large windows and clear interior spans. The completed building will be a mixed-use arts facility containing 45 units of affordable live/work space for artists and their families (34 units @ 60% or less AMI; 11 units @ 50% or less AMI) and approximately 2,400 square feet of commercial space intended for the area's cultural organizations / creative businesses. The units will consist of 3 studios, 20 one bedroom, 19 two bedroom and 3 three bedroom units. The development will be operated pursuant to the terms of a third party operating agreement to be executed prior to the closing.	

<p>SUFFOLK COUNTY LAND DEVELOPMENT SUBSIDY (LDS):</p> <p>SUFFOLK COUNTY INFRASTRUCTURE DEVELOPMENT SUBSIDY (IDS):</p>	<p>\$375,000 or the appraised value (as determined by the Environmental Trust Review Board), whichever is less / 45 units</p> <p><u>Up to \$1,575,916 / 45 units / \$35,020 per unit</u></p> <p>TOTAL: Up to \$1,575,916 / 45 units / \$35,020 per unit</p> <p>The LDS and the IDS shall be evidenced by a non-interest bearing deferred note and lien which may be subordinated to bank financing or other funding sources as reasonably acceptable to the County.</p>	
<p>LDS & IDS REPAYMENT:</p>	<p>Forgiven after 31 years, otherwise repayable upon covenant violation.</p>	
<p>HOMEOWNER UNIT PURCHASE PRICES:</p>	<p>N/A</p>	
<p>HOMEOWNERSHIP OCCUPANCY REQUIREMENT:</p>	<p>N/A</p>	
<p>INCOME ELIGIBILITY:</p>	<p>Renters of the units must not exceed the following income limits, based upon family size, at the time of initial occupancy: 34 units up to 60% HUD AMI 11 units up to 50% HUD AMI. See attached Pro Forma Operating Budget (with rents per unit type based on 2009 AMI. Rents may be adjusted based upon amendments to the Nassau/Suffolk AMI as determined by HUD). The HOME units must be rented at the low HOME rent adjusted for applicable HUD utility allowances as approved by the County.</p>	<p>D</p>
<p>RENTER SELECTION PROCESS:</p>	<p>A lottery will be conducted. See attached Marketing Plan.</p>	<p>E</p>
<p>FUNDING SOURCES:</p>	<p><u>CONSTRUCTION FINANCING</u> 1) HFA Construction Loans/ first mortgage \$6,113,323 / Permanent Bonds:</p> <p><u>PERMANENT FINANCING</u> <u>1) HFA Bonds/first mortgage \$2,822,907.</u></p> <p>2) HFA Subsidy Loan /second mortgage. \$1,700,000</p> <p>3) HFA Subsidy Loan Accrued Interest: \$137,700</p> <p>4) DHCR Homes for Working Families: \$1,575,000/third mortgage.</p> <p>5) Suffolk County Site & Acquisition Funds: In an amount not to exceed \$1,575,916/fourth mortgage.</p> <p>6) Suffolk County HOME Funds: \$660,000/fifth mortgage.</p>	

	<p>7) Village of Patchogue Loan: \$150,000</p>	
	<p>8) GP Sponsor Loan: \$250,000</p> <p>9) Deferred Developer's Fee: \$1,169,643</p> <p>10) Limited Partner Equity (LIHC & SLIHC): \$8,380,051</p>	
<p>PERMITTED ENCUMBRANCES:</p>	<p>1) A lien in favor of Suffolk County in the amount of the LDS and IDS to be repaid upon such terms as may be reasonably acceptable to the County and as shall be contained in a Mortgage to be executed between the parties.</p> <p>2) Additional Funding Sources as set forth above.</p>	
<p>DEVELOPMENT TEAM MEMBERS:</p>	<p>Developer/Sponsor: Artspace Projects, Inc. Property Manager: LIHP Builder: The Pike Co. Attorney: Cannon Heyman & Weiss, LLP Engineer: Barrett, Bonacci & Van Weele, PC Architect: Ray Cannella</p>	
<p>CONDITIONS OF CLOSING:</p>	<ol style="list-style-type: none"> 1. Satisfactory evidence of financing sources; 2. Building permits and upon completion of construction, certificate of occupancy; 3. Payment and Performance Bond naming Suffolk County as insured party; 4. Suffolk County Department and municipal approvals, as applicable; 5. Execution of a Development Agreement and such other documents in connection therewith as the County may reasonably require; 6. Such other conditions as the County may reasonably require. 	

EXHIBIT A

SCTM

See Attached

EXHIBIT B
Legal Description

See Attached

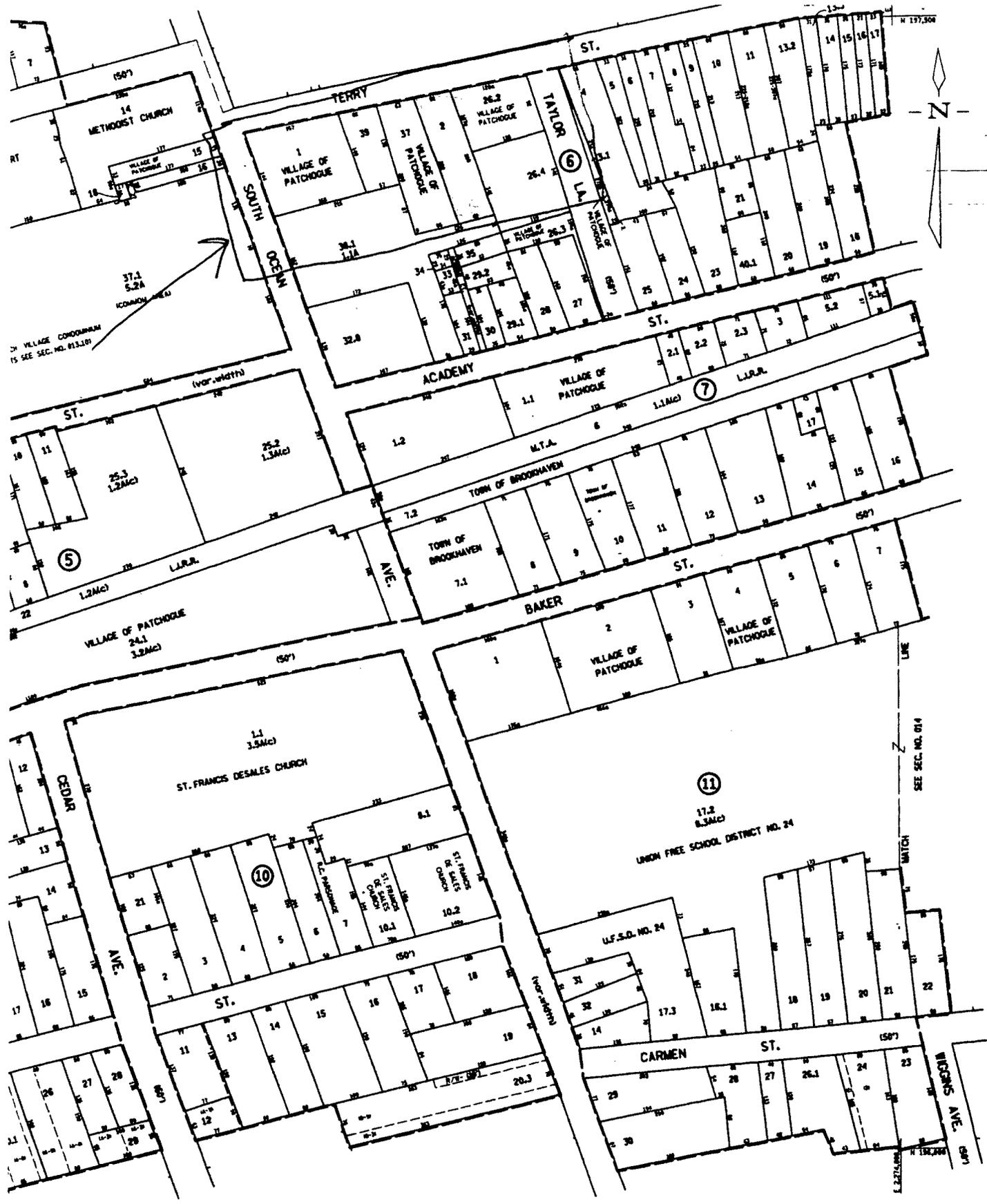
EXHIBIT C
Entity Description

See Attached

EXHIBIT D
OPERATING BUDGET

See Attached

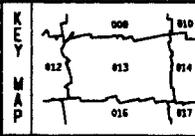
EXHIBIT E
MARKETING PLAN



NOTICE
 MAINTENANCE, ALTERATION, SALE OR
 DISTRIBUTION OF ANY PORTION OF THE
 SUFFOLK COUNTY TAX MAP IS PROHIBITED
 WITHOUT WRITTEN PERMISSION OF THE
 REAL PROPERTY TAX SERVICE AGENCY.



COUNTY OF SUFFOLK
 Real Property Tax Service Agency
 County Center Riverhead, N.Y. 11901
 SCALE IN FEET:



TOWN OF BROOKHAVEN
 VILLAGE OF PATCHOGUE
 DISTRICT NO. 0204

SECTION NO
 013
 PROPERTY MAP

SCHEDULE A TO DEVELOPMENT PLAN

CONVERSION DATE: Nov. 21, 1998

0204-013.00-6-1 (Description to be amended upon receipt of a current survey.)

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Village of Patchogue, Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

BEGINNING at the intersection of the southerly side of Terry Street and the easterly side of South Ocean Avenue;

RUNNING THENCE north 77° 44' 45" east along the southerly side of Terry Street 155.87 feet;

RUNNING THENCE still along the southerly side of Terry Street north 79° 01' 50" east 1.58 feet;

RUNNING THENCE south 19° 40' 30" east 139.66 feet;

RUNNING THENCE south 76° 09' 10" west 157.99 feet to the easterly side of South Ocean Avenue;

RUNNING THENCE along the easterly side of South Ocean Avenue north 18° 40' 34" west 144 feet to the point or place of beginning.

0204-013.00-6-39

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Village of Patchogue, Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of Terry Street distant 157.45 feet easterly from the corner formed by the intersection of the southerly side of Terry Street with the easterly side of South Ocean Avenue; running thence North 79, 01' 58" East along the southerly side of Terry Street 65.95 feet to the westerly line of land formerly of F. Conklin, now or formerly of the Village of Patchogue; running thence South 15° 31' 40" East along said land 135.82 feet to the northerly line of land formerly S. W. Conklin, now or formerly 31 Oak Street Corp.; running thence South 76° 09' 10" West along said land 57.13 feet to the easterly line of land now or formerly Slayton Assocs. And Victoria Assocs.; running thence North 19° 04' 30" West along said land 139 feet to the southerly side of Terry Street, the point or place of beginning.

SCHEDULE B TO DEVELOPMENT PLAN

0204-013.00-6-37

THA ALL TRACT OR PARCEL OF LAND, situate, lying and being in the Village of Patchogue, Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

COMMENCING at the northwesterly corner thereof at a concrete monument placed for a bound on the southerly side of Terry Street distant 223.40 feet easterly of the point former by the intersection of the southerly side of terry Street and the easterly side of South Ocean Avenue as measured along said southerly side of Terry Street and from said point of beginning; thence running S 15° 31' 40" W by and with land formerly of Seward Raynor and land of Daisy C. Furman the distance of 220.20 feet to a point; thence running N 76° 35' E along land of Daisy C. Furman and land formerly of Isaac Lichenstein as the fence now stands the distance of 73.93 feet to a point and land now or formerly of Smith N. Cowles; thence running by and with said land now formerly of Smith N. Cowles as the fence now stands N 18, 24' 10" W the distance of 220.17 feet to a concrete monument placed for a bound on the southerly side of Terry Street aforesaid; thence running S 79° 01' 58" W by and with the southerly side of Terry Street the distance of 63 feet to a concrete monument placed for a bound and the point or place of beginning.

0204-013.00-6-2

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Village of Patchogue, Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

BEGINNING at a point on the southerly side of Terry Street which said point is distant westerly 129.43 feet from the corner formed by the intersection of the southerly side of Terry Street with the westerly side of Taylor Lane and from said point of beginning;

RUNNING THENCE South 18° 37' 30" East 217.94 feet;

THENCE South 76° 5 29" West 61.19 feet;

THENCE North 18° 24' 10" West 220.17 feet to the southerly side of Terry Street;

THENCE along the southerly side of Terry Street North 79° 01' 58" East 60.60 feet to the point or place of BEGINNING.

0204-013.00-6-26.2

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Village of Patchogue, Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

SITUATE on the southerly side of Terry Street,

COMMENCING at an iron pipe 347 feet, more or less, from the easterly side of South Ocean Avenue; RUNNING

THENCE along the southerly side of Terry Street North 79° 01' 58" East 189.85 feet to an iron pipe and property now or formerly of William A. Raynor;

RUNNING THENCE along property of Raynor South 19° 34' 00" East 274 feet along the westerly edge of a fence to property now or formerly of William T. Rogers;

RUNNING THENCE South 76° 7' 50" West 192.68 feet along a general line of fence and property now or formerly of Rogers, Newberg, Ueber and Lichenstein to a fence post and property now or formerly of George Heimroth;

RUNNING THENCE North 19° 11' 30" West 65.35 feet along a general line of fence and property of Heimroth and Gerard to property now or formerly of Smith M. Cowles and a concrete monument;

RUNNING THENCE along property now or formerly of Cowles along a general line of fence North 18° 37' 30" West 217.94 feet to the iron pipe and point and place of beginning on the southerly side of Terry Street.

EXCEPTING THEREFROM lands conveyed to George Defilippo and Claudia Defilippo by deed recorded in the Suffolk County Clerk's Office in Liber 12462 of Deeds at page 290, described as follows:

ALL THAT TRACT OR PARCEL OF LAND, situate, lying and being in the Village of Patchogue, Town of Brookhaven, County of Suffolk and State of New York, bounded and described as follows:

BEGINNING at a point on the westerly side of Taylor Lane distant 91.74 feet southerly from the corner formed by the intersection of the southerly side of Terry Street with the said westerly side of Taylor Lane;

RUNNING THENCE along said westerly side of Taylor Lane South 15°

53' 33" East 141.00 feet to a point;

THENCE South 74° 96' 27" West 118.74 feet to a point;

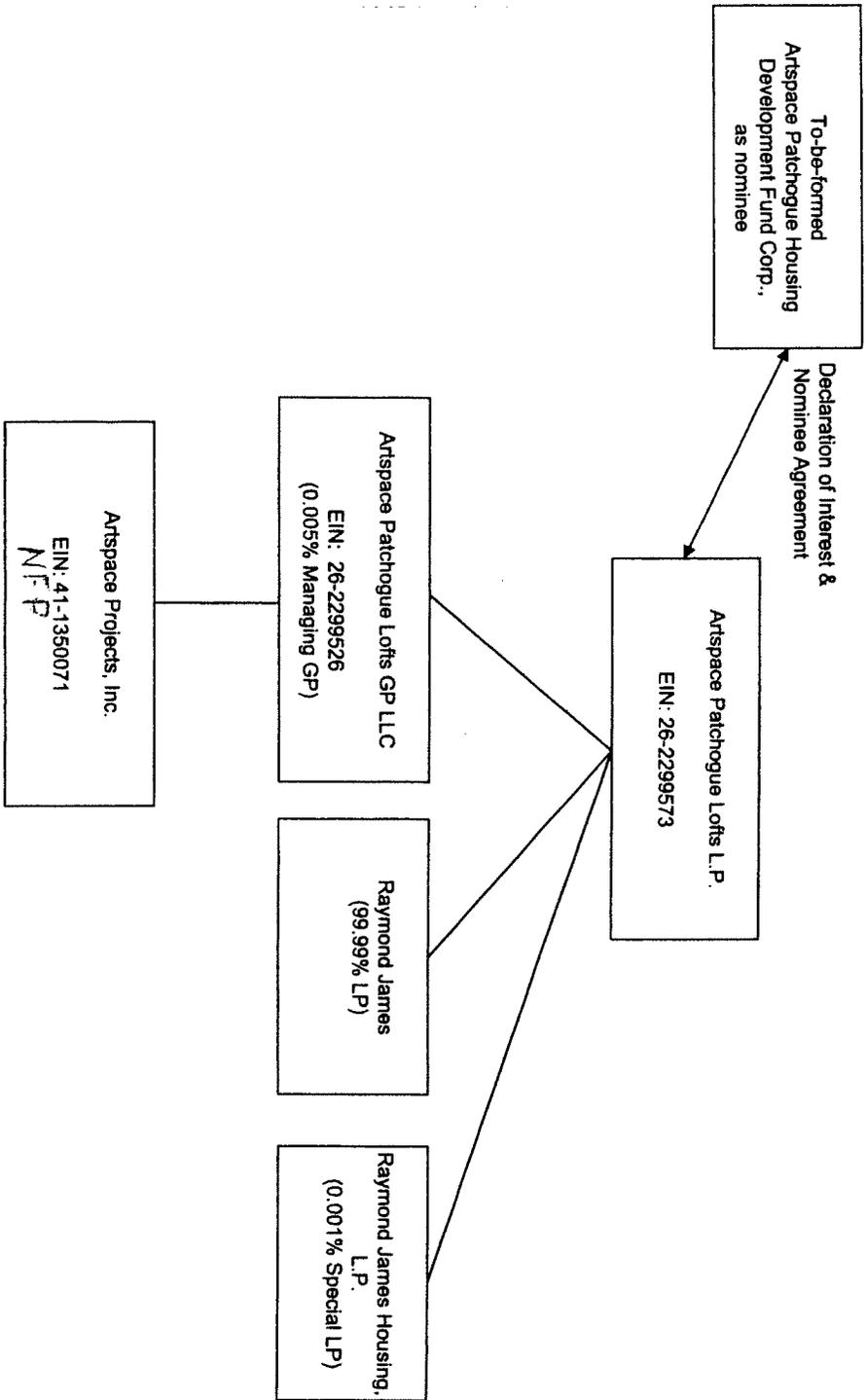
THENCE North 18° 32' 28" West 141.15 feet to a point;

THENCE North 74° 06' 27" East 125.26 feet to the westerly side of Taylor Lane at the point or place of BEGINNING.

SCHEDULE C TO DEVELOPMENT PLAN

ARTSPACE PATCHOGUE LOFTS

Legal Structure



SCHEDULED TO DEVELOPMENT PLAN

Artspace Patchogue Lofts OPERATING BUDGET

Artspace Projects, Inc.

September 10, 2009

45	Residential Units
35,851	Residential sq/ft
2,493	Non-Residential sq/ft

2010 - 1st Year of Operation		Total Annual Budget	Op-Ex Per sq/ft	% Comm	Non-Res. Annual Budget	Residential Annual Budget	Residential Per Unit	
TOTAL INCOME		625,596						
Management								
5010	Management Fee	5.5%	34,424	0.83	4.30%	1,481	32,943	732
Total Management			34,424	0.83		1,481	32,943	732
Administrative								
5015	On-Site Management		27,053	0.65	4.30%	1,164	25,888	575
5016	Payroll Taxes & Benefits		7,478	0.18	4.30%	322	7,154	159
5020	Marketing		-	-	4.30%	-	-	-
5030	Legal - Property		2,796	0.07	4.30%	120	2,676	59
5035	Audit/Accounting		8,508	0.21	4.30%	366	8,134	181
5040	Communications		7,200	0.17	4.30%	310	6,890	153
5050	Office Expense/Supplies		1,598	0.04	4.30%	69	1,527	34
5052	Postage & Delivery		338	0.01	4.30%	14	322	7
5054	Photocopying		900	0.02	4.30%	39	861	19
5060	Meals/Ground Transportation		246	0.01	4.30%	10	230	5
5070	Equipment Rental/Leases		840	0.02	4.30%	36	804	18
5080	Permits & Fees (LIHC Monitoring)		3,306	0.08	0.00%	-	3,306	73
5085	Late Fees/Finance Charges		-	-	4.30%	-	-	-
5090	Admin Fees		2,200	0.05	4.30%	95	2,105	47
5100	Other		200	0.00	4.30%	9	191	4
Total Administrative			62,843	1.52		2,566	58,277	1,291
Maintenance & Operating								
6010	Maintenance Payroll		21,548	0.52	4.30%	927	20,613	458
6030	Maintenance Contracts		-	-	4.30%	-	-	-
6050	Maintenance Supplies		8,920	0.24	4.30%	427	9,493	211
6110	Janitorial Payroll		-	-	4.30%	-	-	-
6130	Janitorial Contracts		21,420	0.52	4.30%	922	20,498	456
6150	Janitorial Supplies		240	0.01	4.30%	10	230	5
6210	Security		-	-	4.30%	-	-	-
6230	Elevator		4,000	0.10	4.30%	172	3,828	85
6250	Fire & Safety		-	-	4.30%	-	-	-
6270	Other Contract Services		-	-	4.30%	-	-	-
6310	Exterminating		850	0.02	4.30%	37	813	18
6330	Trash Removal		3,024	0.08	4.30%	169	3,755	83
6350	Snow Removal		650	0.02	4.30%	28	622	14
6370	Grounds		4,620	0.11	4.30%	199	4,421	98
6410	Locks & Keys		-	-	4.30%	-	-	-
6430	Painting & Turnover		7,590	0.18	4.30%	327	7,263	161
6510	Plumbing Services & Supplies		800	0.02	4.30%	34	766	17
6530	HVAC Services & Supplies		1,800	0.04	4.30%	77	1,723	38
6570	Electrical Services & Supplies		1,400	0.03	4.30%	60	1,340	30
6590	Equipment Rentals and Repairs		-	-	4.30%	-	-	-
6600	Other		-	-	4.30%	-	-	-
Total Maintenance & Operating			79,284	1.95		3,568	75,716	1,678
Utilities								
7010	Electricity		28,833	0.70	4.30%	1,240	27,593	613
7020	Water & Sewer		10,000	0.24	4.30%	430	9,570	213
7030	Gas and Oil	25	20,000	0.48	4.30%	860	19,140	425
Total Utilities			58,833	1.42		2,530	56,303	1,251
Property Expenses								
8010	Property Taxes		38,252	0.93	100%	38,252	-	-
8030	Property & Liability Insurance	25	40,000	0.97	4.30%	1,721	38,279	851
8065	Leasing Fees		-	-	100%	-	-	-
Total Property Expenses			78,252	1.89		38,973	38,279	851
TOTAL OPERATING EXPENSES			312,909	7.67		48,929	282,980	6,846

Artspace Patchogue Lofts
INCOME

Artspace Projects, Inc.
September 10, 2009

RESIDENTIAL UNIT MIX								
	Unit Count	Unit %	Unit Type	Gross Rent	Utility Allowance	Net Rent	Total Monthly Rent	Projected Annual Rent
@ or below 30% of AMI	0		Studio	-	90	(90)	-	-
	0		1 Bed	-	110	(110)	-	-
	0		2 Bed	-	117	(117)	-	-
	0		3 Bed	-	136	(136)	-	-
Sub Totals	0	0.00%					-	-
@ or below 50% of AMI	2		Studio	891	90	801	1,602	19,224
	4		1 Bed	954	110	844	3,376	40,512
	3		2 Bed	1,145	117	1,028	3,084	37,008
	2		3 Bed	1,323	136	1,187	2,374	28,488
Sub Totals	11	24.44%					10,436	125,232
@ or below 60% of AMI	1		Studio	1,069	90	979	979	11,748
	16		1 Bed	1,145	110	1,035	16,560	198,720
	16		2 Bed	1,374	117	1,257	20,112	241,344
	1		3 Bed	1,588	136	1,452	1,452	17,424
Sub Totals	34	75.56%					39,103	469,236
@ 60% to 90% of AMI	0		Studio	-	-	-	-	-
	0		1 Bed	-	-	-	-	-
	0		2 Bed	-	-	-	-	-
	0		3 Bed	-	-	-	-	-
Sub Totals	0	0.00%					-	-

Residential Totals	45			49,539	594,468
Totals for LIHTC	45	100%		49,539	594,468
Totals for SLIHTC	45	100%		-	-
Studio Total	3	6.67%			
1 Bed Total	20	44.44%			
2 Bed Total	19	42.22%			
3 Bed Total	3	6.67%			
	45	100%			

COMMERCIAL					
	Space #	Space sq.ft.	Gross Rate per/sq.ft.	Monthly Rent	Annual Rent
	116	1,196	10.00	997	11,960
	121	1,297	10.00	1,081	12,970
Totals		2,493		2,078	24,930

MISCELLANEOUS			
		Per Unit	Per Mo.
Laundry and other fees	6,500	144.44	12.04
Parking	-		
Totals	6,500		

625,898
52,158

EXHIBIT E TO DEVELOPMENT PLAN

MANAGEMENT PLAN

A General Management Operations Guideline

Property: **Artspace Patchogue Lofts** _____
20 Terry Street _____
Patchogue, Long Island, NY _____

By: NDC

Defined Terms:

Owner: Artspace Patchogue Limited Partnership
Sponsor: Artspace Projects, Inc.
Mgmt Agent: NDC Real Estate Management, Inc. (NDC, or Agent)

I. THE ROLE AND RESPONSIBILITY OF THE OWNER AND ITS RELATION AND DELEGATION OF AUTHORITY TO THE MANAGEMENT AGENT

- A. It is the responsibility of the Owner to establish the general policies under which the Development will operate. The Owner shall establish broad policy guidelines and thereafter delegate to NDC the authority and responsibility for carrying out these policies on a day-to-day basis. NDC will be required to consult the Owner prior to taking any action not clearly covered by existing policies of the Owner or the Management Contract.
- B. NDC will be required to contact the Owner for an expenditure not included in the operating budget, approved by the Owner, which exceeds One Thousand Dollars (\$2,000) in any one instance for labor, materials or otherwise in connection with the maintenance and repair of the Development, except in cases of emergency. In the case of an emergency, the Owner will be notified of the circumstances as soon as possible.
- C. Budgets will be prepared annually by NDC and submitted to the Owner for review and approval. Budgets will be submitted initially by 10/1 and approved no later than 12/1 in any calendar year.
- D. The areas in which NDC may make decisions without consulting the Owner include, but are not limited to:
1. All hiring, supervising, directing, contracting and termination of on-site personnel and determination of compensation. This provision does not apply to employees of Artspace Projects, Inc.
 2. Such activities as may be necessary to comply promptly with any and all governmental requirements affecting the Development, except that in such cases NDC will notify the Owner after performing such activities unless the Owner instructs NDC in writing not to do so.

3. Compliance with the pertinent requirements of the Regulatory Agreements (if any) as they pertain to management of the Development.
- E. NDC shall designate a Regional Manager who will be the key contact person for the Management Agent. The Regional Manager will oversee all staff assigned to the property and will be responsible for enforcing the proper compliance and regulatory agreements applicable to the Development. Any instructions from the Owner will be passed to NDC's Regional Manager, the Director of Property Management, or the Senior Vice President.
- F. Agent will be paid a management fee as outlined in the Management Agreement. The Management Agent will cover, from the fee, expenses incurred in the performance of its duties, such as off-site office overhead, bookkeepers, secretaries, etc. The Development will pay for, out of the General Operating Account, expenses incurred by the Development including on-site office overhead, administrative and maintenance staff, maintenance costs, etc. The Development may also be responsible for a lease-up processing fee to cover one-time expenses associated with initial occupancy.

II. PERSONNEL POLICIES AND STAFFING ARRANGEMENTS

- A. All hiring of employees by the Agent shall conform to equal opportunity requirements. Agent shall follow relevant non-discrimination policies regarding applicants for employment, and not discriminate because of age, race, color, ancestry, religion, national origin, sex, marital status, children, pregnancy, disability, sexual orientation, AIDS, ARC, or other arbitrary factors, including Title VI of the Civil Rights Act of 1964 (Public Law 88-352) and the regulations issued pursuant thereto (24 CFR Part I), Executive Order 11063 and the regulations issued pursuant thereto (25 CFR 570.601), Title VIII of the 1968 Civil Rights Act (Public Law 90-384) and the Fair Housing Amendments Act of 1988.
- B. NDC will follow an employment policy at the Development that will afford the residents maximum opportunities for employment at the Development if applicable and when possible.
- C. Specific personnel policies are:
 1. Training and promotion opportunities:

Specific training in policies and procedures of the Regulatory Agencies and Lenders (if applicable) will be provided to the Property Manager to ensure Development conformity to program requirements.

The Property Manager becomes knowledgeable through training and ongoing property management. As the budget permits, the Property Manager will be required to participate in relevant training conducted by professional agencies and

organizations to assure understanding of the occupancy requirements of the Development. NDC holds periodic training sessions of a general nature for all employees off-site as well as specific on-site sessions tailored to the needs of individual Developments. In addition to such site-specific training, additional monthly, quarterly and annual training includes, but is not necessarily limited to, Fair Housing and non-discrimination training.

The Property Manager is provided a copy of the Agent's Operating Procedures Manual, which includes detailed policy requirements, and procedures of NDC. The Supervisor assigned to the Development reviews with the Property Manager the manual and provides necessary, on-the-job training (see attached Property Manager's job description).

It is NDC's stated policy to promote from within, when possible. All employees are reviewed for potential promotion when positions become available.

2. Employee benefits:

For employees working at least _____ hours per week, benefits other than those required by statute include _____ weeks vacation per year (_____ weeks after _____ years), holidays, sick leave (_____ days per calendar year - non-entitlement), medical, dental, long-term disability and life insurance coverage. Employees with less than _____ hours per week are not covered by NDC's health plan, life insurance or long-term disability insurance, nor eligible for paid vacations or sick leave pay. Full-time employees may also participate in an optional 401(k) savings program after their first six months of employment. The company does also provide for a 401(k) matching program.

3. Employee grievance procedures:

The Supervisor assigned to the Development regularly visits the site at which time problems can be discussed. If this is not satisfactory to an employee, the employee may contact the Director of Property Management or an officer of NDC.

4. Employee termination procedures:

Demotion, lay off, or termination shall be determined on a non-discriminatory basis. When an employee's performance is substandard, the employee shall be notified in writing. Every effort will be made to work closely with an employee to provide additional training if this is deemed appropriate. If the performance continues to be substandard, the employee will be placed on probation, but further substandard work may result in termination.

- D. The Property Manager is responsible for the day-to-day operation of the Development. He/she is directly accountable to the Supervisor who, in turn, is accountable to the Director of Property Management or a NDC Officer.

- E. NDC may provide substitute personnel in the absence (i.e., vacation, sick leave) of the Property Manager or maintenance person. Such substitute personnel costs (if any) shall be Development expenses.

III. PLAN FOR MAINTAINING ADEQUATE ACCOUNTING RECORDS AND HANDLING NECESSARY FORMS AND VOUCHERS

- A. The basis of accounting will be accrual in accordance with generally accepted accounting practices and principles (GAAP).
- B. NDC will collect all rent charges, miscellaneous charges and other amounts receivable for the Development's account in connection with the management and operation of the Development. Such receipts will be deposited in an account separate from all other accounts and funds, with a bank whose deposits are insured by the Federal Deposit Insurance Corporation (FDIC). This account will be placed in NDC's name and designated of record, as the Development's Operating Account, NDC, Trustee.

From the funds collected and deposited to the General Operating Account, NDC will make the following disbursements promptly when payable:

1. Reimbursement to NDC for compensation payable to the on-site employees of the Development and for insurance premiums, Social Security payments, other payroll taxes and assessments payable to local, State and Federal governments in connection with employment of such personnel.
2. Payments required for utilities, real estate taxes and assessments, fire or other hazard insurance premiums, Security Deposit Account, Replacement Reserve Account, and the Operating Reserve Account, as applicable. Separate interest-bearing FDIC accounts will be set up, as appropriate, for these payments.
3. All payments of required interest, principal, impounds, fees and charges, if any, on loans that are secured by liens on the Development that have been approved by Lenders.
4. All amounts otherwise due and payable as expenses of the Development authorized to be incurred by NDC under the terms of the Management Contract.
5. Other disbursements required by the Owner and Lenders in writing.

In no event will NDC be required to use its own funds to pay such disbursements. NDC will advise the Owner immediately of any such deficiency.

Checks will normally be computer-generated or manually written by NDC with two signatures required as follows:

1. The Regional Manager of the Development, and
2. The Director of Property Management, an Officer of the Agent or other authorized signatory.

A Monthly Financial Report will be provided to the Owner which includes a statement of receipts and disbursements, a schedule of accounts payable, a balance sheet, and a trial balance, copies of monthly bank statements and reconciliations, and a list of the balances in all bank accounts as of the last day of the previous month. Such statements shall set forth the applicable data for the prior (current) month and year-to-date. In addition, a monthly cash receipts and disbursements comparison (budget comparison) will be provided. Cash flow can therefore be closely monitored. These monthly accounting reports will be provided on the 20th of the following month on an ongoing basis.

- C. For routine or emergency repairs, Agent will establish with any limitations imposed by the Owner, designated contractors, e.g., plumbers and electricians and other vendors and contractors as may be required. In addition, NDC will similarly establish a list of approved vendors for office supplies and repair materials. The Development will use a Purchase Order System for supplies and services. Invoices will be sent directly to NDC; reviewed by the accounting department, and will be paid from the General Operating Account subject to the approval of the Development's Regional Manager, the Director of Property Management, or an Officer of NDC. If outside contract services are required, at least two bids will be obtained, in writing, for any expenditure exceeding two thousand five hundred dollars (\$2,500). For any expenditure exceeding five thousand dollars (\$5,000), at least three bids, in writing, will be obtained. Work anticipated to cost over \$20,000 may be referred to NDC's Construction Manager for bid specifications prior to soliciting bids from outside contractors, when necessary.

When possible, major repairs on other items will be budgeted. Where items are not budgeted but deemed essential to the physical and long-term financial viability of the Development, NDC will present proposals for purchase of those items to the Owner and these items will be paid from the Replacement Reserve Account. In the event of dire emergencies, the Regional Manager will make a reasonable decision to make repairs or provide the services necessary. In the case of such emergencies, the Owner would be notified of the circumstances as soon as possible, but in no event more than two (2) business days after such repairs are commenced.

In the event the balance in the General Operating Account is projected to be insufficient to meet accounts payable, the Regional Manager will immediately apprise the Owner. Recommendations will be made for cutting costs, increasing revenues, or other measures, which will alleviate the cash flow shortage. The Owner will make the final decision to resolve the shortage. It is anticipated that any insufficiency will be forecast in advance.

The Regional Manager, Property Manager and the Owner will monitor the Development's budget on a monthly basis to determine that any outstanding loan requirements of the Lenders are met.

The Property Manager, under the aegis of the Regional Manager, will ensure that applicable residents (if any) meet income eligibility requirements for purposes of meeting the Regulatory or Lenders' requirements. NDC's Accounting Manager and the Regional Manager will be responsible for ensuring the coordination of all reporting and accounting requirements and any other financial reporting requirements of the Development. ✓

NDC will comply with all reporting requirements of the Regulatory Agreements. The Agent will assist the Auditors in the preparation of the annual audited financial statements. The auditor will be required to make his/her arrangements for schedules and reconciliations at the expense of the Development. The Owner will select the Auditors. The Agent will also provide the certifications and other information required in connection with the payment of capital contributions.

- D. NDC will comply with all reporting requirements for the Owner and Lenders. NDC will prepare a recommended operating budget for each fiscal year beginning during the term of the Management Contract and will submit budgets to the Owner at least 90 days before the beginning of the fiscal year. The Owner will promptly inform the Regional Manager of changes incorporated in the approved budget and the Regional Manager will incorporate such changes and forward the final Owner approved budget to the Owner. With respect to each fiscal year, NDC will assist the Owner's accountants in their preparation of the annual audited financial report (if required), which will be prepared by a Certified Public Accountant. This report will be based upon the preparer's examination of books and records at NDC and at the Development. The report will be prepared in accordance with the directives of the Owner. Certified copies of the report will be delivered to the Owner, Lenders and other addressees as directed by the Owner and by the preparer within 60 days of the end of the fiscal year. Compensation for the preparer's services will be paid out of the General Operating Account as an expense to the Development. Periodic reports will be provided as directed by the Owner and Lenders. Vacancy and rent losses will be recorded monthly in the rent rolls as well as the monthly financial report. The Owner will be notified of all vacancies by the 10th of the month. Any amounts recovered will also be credited on the monthly rent rolls and the monthly financial statements.
- E. The Security Deposit Account may be a separate interest bearing account (at the Owner's direction), which is FDIC insured. The interest on the security deposits will be distributed according to the Owner's directives and applicable law, if any. At the time a resident vacates the unit, a move-out inspection will be conducted with the resident, where possible. All items needing cleaning or repair plus the charges or estimated charges for each will be determined at the time of inspection. Both the Property Manager and the vacating resident will sign the inspection form. The final closing statement and refund of security deposit, less any charges for rent, fees, damage, etc. (excluding normal wear and tear) will be prepared for each vacating resident itemizing any charges to be made against the security deposit and forwarded to each vacating resident within 21 days of their vacating.

IV. PROVISIONS FOR PERIODIC UPDATE OF MANAGEMENT PLAN

As the needs of the Development, Owner, Lenders or other conditions dictate, this Plan may be modified in whole or in part. NDC will review the Plan annually and will make recommendations to the Owner concerning any needed changes. Any such change, once approved by the Owner, will be forwarded to the Lenders.

V. INSURANCE

The Owner will inform the Agent of insurance to be carried with respect to the Development and its operations, and may cause Agent to secure such insurance to be placed and kept in effect at all times. If requested, the Agent will obtain 3 bids from brokers for the Development's insurance. The Owner will select the insurance carrier. The Agent will pay premiums out of the General Operating Account, and premiums will be treated as Development expenses. All insurance will be placed with such companies, on such conditions, in such amounts, and with such beneficial interest appearing thereon as shall be acceptable to the Owner and approved by lenders that the same will include public liability coverage, with the Agent designated as one of the insured, in amounts acceptable to the Agent and the Owner. The Agent will investigate and furnish the Owner with full reports of all accidents, claims, and potential claims for damage relating to the Development and will cooperate with the Owner and Lenders insurers in connection therewith.

VI. PLANS AND PROCEDURES FOR MARKETING AND ACHIEVING EARLY AND CONTINUED OCCUPANCY

- A. NDC shall be responsible for all marketing efforts during initial occupancy in accordance with the Resident Selection Criteria. Such activities will commence at time acceptable to Owner and Agent. In consultation with the Owner, the Agent may amend criteria and procedures for the selection of residents. These criteria will conform to requirements set forth by the Lenders (if applicable). Residents will be selected according to all Federal, State and Local laws prohibiting discrimination in housing on the basis of race, color, creed, ancestry, age, religion, national origin, sex, sexual orientation, marital status, pregnancy, children, disability, handicap, Acquired Immune Deficiency Syndrome (AIDS), AIDS-Related Conditions (ARC), receipt of or eligibility for housing assistance under any government housing assistance program, or other arbitrary factors.
- B. Consistent with the resident population this Development was designed to serve, the marketing of the Development will ensure equal access to units for all persons in any category protected by Federal, State, and local laws governing discrimination.
- C. Marketing may, but will not necessarily, include the use of newspapers of general circulation in Suffolk County, other local publications, and various other marketing publications, etc. With the approval of the Owner and Lenders, the Management Agent will develop Leases or Rental Agreements, House Rules, application forms and such

documentation as may be necessary to facilitate the selection and admission of residents into the Development according to the Marketing Plan. The Management Agent may place notices in newspapers and specialized publications and newsletters to reach potential residents. With the Owner's approval, the Management Agent will be responsible for the design and printing of brochures, fliers, and other materials to be used to make potential residents in the area aware of vacancies at the Development. Applications, notices and all publications will include a Fair Housing and Equal Opportunity logo, and the Handicapped Accessibility logo (when applicable).

Marketing will primarily be achieved through targeted outreach through arts and arts-related organizations, such as the Patchogue Arts Council, advertisements placed in the PULSE Arts & Culture magazine and through other arts organizations locally and regionally. Artspace also maintains an interest email list currently over 500 people. Outreach and notifications of meetings and application sessions will be made through this mailing list.

Information sessions will be held prior to the acceptance of applications. The Long Island Housing Partnership (LIHP) has extensive experience on the Island working in the tax-credit community. LIHP will work with NDC to host these workshops, the primary topic of which will be "how to qualify for Section 42 housing, and how to prepare for application and income verification." Specific materials, locations, staff and agendas will be prepared in cooperation with LIHP and NDC.

- D. The Management Agent shall maintain a waiting list for potential residents who will be kept informed of appropriate procedures and timetables for applying for admission. In addition to such general outreach activities, the Management Agent will contact local civic and community organizations of the area in order to disseminate information about the Development.
- E. The Property Manager will be hired and will serve as coordinator for the marketing of the Development as well as oversee the admission of residents per the Artspace Patchogue Lofts Residential Selection Criteria and Process. The Property Manager will keep the Owner apprised of the occupancy process through monthly marketing reports which will include the number of applicants to the Development, unit preference, number of actual occupants, ineligible applicants, cancellations and any other statistical data requested by the Owner.
- F. Applicants will be notified of their eligibility and advised of their status. Ineligible applicants will be allowed to question this determination.
- G. The Developments initial waiting list will be determined by lottery as more specifically described in the Artspace Patchogue Lofts Residential Selection Ctiteria document. Those households selected from the waiting list will undergo a comprehensive screening procedure to reflect the Owner's Additional Resident Selection Criteria (attached hereto). Factors to be considered in the screening are housekeeping habits, history as tenant, rent paying history, credit records and criminal records.

- H. NDC will prepare and use Lease or Rental Agreement, House Rules, parking permits, and other documents relating to residency that have the prior approval of the Owner.
- I. Each approved applicant will be informed when the unit will be available for occupancy. Application procedures will have been completed for the household and, provided it is still eligible, the household will be shown the unit. If the applicant declines the unit, it will be shown to the next appropriate candidate on the waiting list. The name of the applicant declining the unit offered will be placed at the bottom of the waiting list. If a second offer is declined, the applicant's name will be removed from the list.
- J. The waiting list will be reviewed and updated on a monthly basis, purging those applicants who are no longer interested in occupancy and estimating the number of new applicants, which should be added by income category.
- K. The Agent will use its Waiting List form for the Developments waiting list in accordance with the Operations Manual. The number of applicants on the waiting list shall be at least twice the number of units in each category in the Development. When the number of applicants falls below this level, the Owner will initiate the marketing procedure established in this Plan to reestablish the minimum level of applicants. The Agent will update the waiting lists twice each year to determine if applicants are still interested in the property. If an applicant does not wish to remain on the waiting list or fails to contact the Agent in writing, the applicant will be removed from the waiting list. Applicants on the waiting list will be notified that it is their responsibility to advise the Development of any address changes and that if they cannot be contacted by mail, either for vacant units or in the course of a waiting list update, they will be dropped from the waiting list.
- Artists, and artists who are Suffolk County residents will be given preference on the waiting list. If there are qualified artist applicants on the waiting list, or if a qualified artist applicant applies while the wait list is open, the qualified artist who is a current resident of Suffolk County will be given preference over any qualified artist who is not a resident of Suffolk County, or non-artist applicant. If there are no qualified artist applicants on the waiting list, applications of qualified non-artist applicants will be processed based on waiting list priority. Please also see attached Artspace Resident Selection Criteria and Artist Interview Process.
- L. When notice is given that an occupied unit will be vacated, re-occupancy procedures will begin. A review will be made of applications from the waiting list who have both the Artist and Suffolk County Preference. The first three or more individuals or family households on the list with both Preferences will be contacted and informed that a unit will be available. Certification procedures (review of criminal, credit, landlord, and income and asset information) will be completed for the household and, provided the household is still eligible, applicant(s) will be shown the unit. If the first household declines the unit, it will be shown to the next eligible individual or family household on

the waiting list. An applicant may decline a unit offered once and if he/she declines a unit a second time, his/her name will be removed from the waiting list.

Selection will be based on information included in the application, credit check, criminal background check, landlord references, income/asset verifications, etc. The Development's Property Manager is not allowed to discriminate or give preferential treatment to any applicant or resident.

- M. A pre-occupancy meeting will be conducted with new approved applicants to review documents including Lease, House Rules and other pertinent regulations. In addition, the Property Manager will review maintenance policies, child supervision, recreational policies and grievance and appeal procedures. All members of the household will be urged to be present at this interview (all adults are required).

VII. PROCEDURES FOR DETERMINING RESIDENT ELIGIBILITY AND FOR CERTIFYING AND ANNUALLY RECERTIFYING INCOME (where applicable)

- A. The Property Manager will be charged with the responsibility for selecting residents. The Agent will be responsible for ensuring that the Property Manager is properly trained in resident eligibility requirements. In compliance with the Regulatory Agreements, only income eligible households will be selected to occupy units restricted by such Restrictions at the Development. Residents will be recertified annually, where household income will be verified to determine continued eligibility according to the property's Regulatory Agreements (when applicable). Applications and other records pertinent to a resident's continued eligibility will be kept on file in accordance with any and all Regulatory guidelines.
- B. The Property Manager will be responsible for determining the continued income eligibility of each applicable household in the Development. The Property Manager will maintain a system for annual recertifications in order that processing is completed in a timely manner.

In general, if the resident's household size changes and no longer meets the occupancy standards of the Development, the resident household shall be required to move. If, upon recertification, the resident's household income exceeds the project's applicable income limits of the HUD Annual Income Limit for Suffolk County PMSA, as adjusted by household size, the resident household shall be treated according to the Occupancy Guidelines of the Development. All income regulations including over-income guidelines are included in the lease.

- C. The Development has adopted standards for the number of persons permitted to occupy units. These standards conform to Lenders and Owner's guidelines. These standards shall be used at initial occupancy and recertification. Following are the unit size assignment standards subject to the clarifications and considerations indicated below:

No. of	Minimum No.	Maximum No.
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Bedrooms	of Persons	of Persons
Studio	1	1
One	1	2
Two	2	4
Three	4	6

Section 8305 (b) of the Uniform Multifamily Regulations states that the minimum number of persons in household per the above chart. However, it also states that a sponsor may assign tenant households to units of sizes other than those indicated as appropriate if the Sponsor reasonably determines that special circumstances warrant such an assignment and the reasons are documented in the tenant's file.

- D. Pets shall be allowed on the premises as approved by the Owner. A certified service animal is not considered a "pet" and the resident requiring such animal shall be required to execute a service animal agreement describing responsibilities of the resident.
- E. In the event that a resident requires the services of a live-in attendant, the above occupancy standards shall apply. The resident's physician prior to the attendant moving in shall document the need of a live-in attendant. Any income received by the attendant shall not be considered in evaluating the rent to be charged to the household. The attendant shall not be considered a resident of the property. Said attendant shall be considered a guest of the resident household and shall be required to abide by all terms and conditions of the Lease or Rental Agreement executed by the resident.
- F. The Property Manager will organize and conduct orientation sessions for new residents at time of move-in. Residents will be briefed on the Lease or Rental Agreement, the House Rules and all other documents associated with residency of the Development, including the responsibilities of residents in the administration of the Development.

VIII. RENT PAYMENT POLICIES AND PROCEDURES

- A. The Property Manager will collect the rent from residents in the Development. Rent payments will be made to the office on-site and a receipt given. After hours, it will be possible for a resident to drop payment into the Development's mail slot or box. No cash will be accepted. Rent may be paid with check or money orders only.
- B. Pre-payments for rent are encouraged and partial payments discouraged. Partial payments will be accepted only in the case of hardship where prior arrangements have been made with the Property Manager and approved by the Supervisor.
- C. If rent is not received by the end of the fifth day of the month, a late charge of \$25.00 will be assessed on the sixth day of the month.

- D. Any resident not paying by the fifth day of the month will be contacted. Unless prior arrangements have been made, a 3-day notice will be issued if the rent is not paid by the sixth day of the month. In extreme cases, a resident may make an agreement with the Property Manager to catch up back rent by paying the equivalent of one month's rent plus a payment on the outstanding amount each month by a given date. If the workout arrangement is not complied with, eviction procedures will begin immediately. No evictions for non-payment of rent will be initiated if resident pays all rent due.
- E. Before evicting a resident for reasons other than non-payment, the Property Manager will meet with the resident to discuss the problem. The resident will be given an opportunity to correct the problem. If the resident does not correct the problem, the eviction will proceed.
- F. A computer rent collection and accounting system may be maintained in the Development office for recording of rent charges payments. All expenses required to establish and maintain the accounting system computer software license are Development expenses. Daily bank deposits are made into the Development General Operating Account of rent collections.
- G. When rising operational costs for the Development exceed the annual gross potential of the rents and other Development income, the Agent will contact the Owner immediately and submit recommendations to the Owner to resolve the problem, which may include increasing the residents' rental charges in accordance with the approved operating budget, the Regulatory Agreements and the lease. Residents will be given at least thirty days notice prior to any change in the rent charges at the Development.
- H. Each resident shall pay in advance of occupying a unit a security deposit, which shall equal one month's rent payment. The Property Manager may apply the deposit after the resident vacates the unit to recover any loss or repair any damage caused by the resident or their guests to the premises or the Development other than normal wear and tear. The deposit may also be applied to the payment of rent charges due and owing from the resident. Within twenty-one (21) days of the resident vacating the unit, the security deposit will be repaid to the resident (less any amounts deducted in accordance with applicable law) by regular mail to their forwarding address or such other address as may be designated. At that time, an itemized list will be provided to the resident describing the reason and cost for any deductions from the deposit.
- J. If the resident's security deposit is not sufficient to cover the cost of damage to the unit, the Agent will contact the vacating resident to demand full payment of the excess costs. The Agent may offer a payment plan acceptable to both parties if the circumstances warrant such action. If the demand is not met or if payment arrangement is not executed, the Management Agent shall pursue actions, which include reporting resident history to credit bureaus and national tenant networks as well as court remedies, collection agencies and legal action.

IX. PLAN FOR RESIDENT/MANAGEMENT RELATIONS

- A. House Rules are an attachment to the Lease or Rental Agreement, wherein the rights and responsibilities of residency are described. Residents are given education information at the time of move-in regarding the proper storage and disposal of hazardous materials as required by the Village of Patchogue. These include resident notices regarding the proper storage and disposal of hazardous materials, which is also part of the NDC Management Emergency Plan.
- B. Information pages and brochures about local services and amenities will be distributed to the residents at the time of move-in. These include information provided to the residents regarding carpool and ride sharing programs, for which Management is encouraging all residents to organize.
- C. At the time of move-in, the residents of the property will be shown the fire/life safety devices built into the property. The resident will be reminded of the use of the 911 emergency services. The Development and Agent shall each maintain a 24-hour "live" answering service for urgent calls from residents. Appropriate emergency evacuation procedure signs will be posted at different locations in the building (when applicable). Residents will be shown the location of the emergency evacuation signs.
- Included in the House Rules and Parking Agreement are resident notice and flood evacuation plans required by the Village of Patchogue. These include the resident notice procedures regarding any pending the flood hazard so that vehicles can be removed before any flood event and resident evacuation, which is also part of the Management Emergency Plan.
- D. A pre-occupancy conference will be held with all residents to review documents including the Lease or Rental Agreement, House Rules, and other residency documents. In addition, the Property Manager will review maintenance policies, child supervision and recreational policies, etc. All members of the household will strongly be urged to be present at this interview; all adult members of the household must be present.
- E. Should a resident have a complaint of any nature concerning her/his dwelling unit, other resident or other housing related issue, the resident's grievance should be handled first by the Property Manager. If this is unsatisfactory to the resident, the Regional Manager will then become involved in handling the problem. If this handling is not satisfactory to the resident, the Director of Property Management of the Agent will become involved in handling the problem. As last resort, the Officer of the local MgmtCO office may get involved (if warranted).
- F. Artspace will, through a non-binding letter of understanding, establish a strategic relationship with the Equal Opportunity Council of Suffolk County, Inc., a local nonprofit community service organization (EOC). EOC provides a variety of social services, counseling, case management, support services and referral services for local residents. Artspace will make all residents aware of EOC and their scope of services. Residents will be referred to EOC if they are seeking support services.

X. MAINTENANCE

- A. When the Agent assumes management of the Development, an inventory will be taken of all Development equipment. A record of this equipment, including serial numbers, will be kept in the Development office. A preventative maintenance program will include proper servicing and maintenance of the Development and its equipment.
- B. At initial move-in, a move-in inspection will be conducted by the Property Manager and the new resident to note the condition of the unit. Annually, an inspection will be done in each unit and the condition compared to the condition of the unit at the time of the resident's original move-in inspection. This annual inspection will also include review of any maintenance problems plus general housekeeping conditions and any changes in Lease or Rental Agreement, House Rules and Regulations, etc. When the resident vacates, a move-out inspection will be completed with the resident present, if possible, which will be compared with the move-in inspection. The resident will be charged for required repairs, which do not fall under normal wear and tear.
- C. Residents will be advised to report to the Development office any items requiring repair. A work order will be written and assigned to the site personnel. It is Agent's goal to complete work orders within forty-eight hours, when possible. Upon completion of a work order, the Property Manager will sign off and copies of the work order will be filed by the month and by the unit.
- D. Work orders will be written for all maintenance items including vacant units. The Maintenance Personnel, or vendor, to ensure that units are properly painted, cleaned and repaired prior to move-in, will use a checklist. The Property Manager will inspect the work to be sure the Maintenance Personnel or vendor completes it. If a resident has damaged his/her unit beyond normal wear and tear, he/she will be charged for the cost of repair/replacement and labor according to the current "Maintenance charge sheet".
- E. Garbage and trash removal will be handled through a contractor. The quantity, size of containers and frequency of pickup will be determined by the number of residents and location and size of dumpsters used within the Development.
- F. All common areas will be picked up daily. These areas will be cleaned, vacuumed, hosed down, etc. on a scheduled basis.
- G. Sub-metered utilities will be read and invoiced to residents by the utility company.
- H. When possible, major repairs including capital improvements will be budgeted items. It is anticipated that the Maintenance Personnel or vendor will resolve most routine repairs. If outside contractors are required, bids will be solicited from contractors and a minimum of three bids must be received for work costing \$5,000 or more. Work anticipated to cost over \$20,000 may be referred to the Owner or NDC's Construction Manager for design specifications or referring to a technical contractor for designing specifications.

I. Inspections will be made on the exteriors and common areas for security and preventative maintenance purposes. In general, the Development components will be inspected as follows:

1. On-site physical inspections conducted three times a week by the Property Manager. This would be augmented as needed through inspections by the Supervisor.
2. Mechanical equipment inspection semi-annually or as needed.
3. Walk-through with contract services quarterly and as needed.
4. Roof inspections in the fall of each year and as needed.
5. Internal components inspected by Property Manager or Regional Manager no less than semi-annually, or as needed.
6. Exterior components such as lighting, building siding, asphalt, sidewalks, roof, etc. are inspected routinely (daily, weekly or monthly) as applicable by the Property Manager and Maintenance staff or vendor and periodically by the Regional Manager typically in the spring and fall.
7. Lighting and security inspections are conducted routinely by on-site personnel and off-site personnel (as indicated in 6 above).
8. The Village, Town or County may be present or initiate semi-annual site inspections.

Initials:

Owner _____

Agent _____

Date: _____

XI. CONFLICTS

In the event of any conflicts between the provisions of this Management Plan and the Management Contract, the provisions of the Management Contract shall prevail.

ARTSPACE PATCHOGUE ARTIST LOFTS

Resident Selection Plan, Criteria & Process Artist Preference

The Patchogue Artist Lofts project (PLI) is specifically designed and intended as an Artist Live/Work project. As such we employ a preference for artists in acceptance for occupancy at the building. In their application, all applicants have the opportunity to self-identify as an artist and to submit evidence of their portfolio, commitment to their art form and a statement about how living in an artist live/work project may be an advantage for them in pursuit of their artistic activity. Any applicant that has been otherwise qualified by NDC on the basis of income/background/credit etc. and has self-identified as an artist will be interviewed by an Artist Selection Committee (ASC). The ASC members are chosen initially from members of the arts community in Patchogue & the surrounding area. After initial occupancy, most members of ASC will be residents of the project. ASC participation is expected and is voluntary; of between 10-12 ASC members at any one time, a minimum of 5 is required to attend each ASC interview session. During the interview, the prospective resident is given an opportunity to present their portfolio and commitment to their art form, and is then interviewed with a series of 10 questions. The responses are scored confidentially by the ASC members, on a scale of 1-5, and the scores are aggregated and averaged. A score of 3 or greater qualifies the prospect as an artist and they are placed on the Artist List. Those scoring less than 3 are placed on a non-artist list. Units are filled by qualified families from the Artist List first; if no qualified artist family is available, then the unit may be filled by a family from the nonartist list. ASC members are trained in fair housing to avoid any issues regarding fair housing issues or discrimination; interview sessions are monitored by the property management company for fair housing compliance. Materials related to the ASC process and artist selection are attached hereto as Exhibit _____.

Local Preference

A preference has been designated during initial lease-up for artists who live in Suffolk County. The Local Preference is not a set-aside, and our efforts will be best-efforts only, based on those qualifying applications received, and only from those applicants on the Artist List.

Lottery Process

If required, we will institute a Lottery Process to rank initial applicants at initial lease-up only, which will be implemented with the help of the Long Island Housing Partnership. From the pool of self-identified artist families, we will give preference to those living within Suffolk County, as determined by the zip code of their residence on the application.

All applications will be taken at once, during a proscribed period of time (estimated between 2-3 weeks). Once the initial application period is closed, applications will be sorted into two initial groups: 1) those in which the applicant has self-identified as an

artist and desires to go through the artist selection process with ASC (the “Artist Group”), and 2) those that have not self-identified as artists (the “Non-Artist Group”).

From the Artist Group, we will further segregate those applications from zip codes within Suffolk County.

The lottery ranking will be conducted in this manner to meet the preferences established:

- I. The first part of the lottery will be held to rank the self-identified artists who live in Suffolk County (the “Suffolk Artist List”).
- II. The second part of the lottery will be to rank self-identified artists who do not reside in Suffolk County (the “Non-Suffolk Artist List”). These applicants will be ranked in the order in which they are selected and placed on the ranked waiting list behind all the applicants who self-identified artists who reside in Suffolk County.
- III. The final part of the lottery will be to rank the remaining applicants who are not self-identified artists. These applicants will be maintained on a non-artist list and processed only if units are not filled from either of the two artist lists.
- IV. Beginning with the Suffolk Artist List, followed by the Non-Suffolk Artist List, NDC will perform the required income verification, background/credit check, rental history, etc. in order to create, within each group, a pre-qualified list.
- V. Those not qualifying will be notified in writing that their applications are rejected.
- VI. Beginning again with the Suffolk Artist List, followed by the Non-Suffolk Artist List, applicants will be interviewed in lottery order by the Artist Selection Committee. Those self-identified artists that do not meet the preference will be put at the end of the non-artist ranked list.
- VII. Once all units are filled, all artists applications will be collapsed onto a single artist waiting list with Suffolk County Artists ahead of non-Suffolk County Artists; the non-artist list will be maintained separately. All lists will be reviewed & updated as described herein.
- VIII. Any applications received after the initial application period will be treated on a first-come, first-served basis and will be placed at the end of the appropriate list.

Compliance with Fair Housing, Local Law & Funding/Program Regulations

Nothing herein shall obligate Artspace development partners to accept any resident if we believe such acceptance will violate any applicable law or regulation contained or referenced in or by the funding sources used to develop the project.

SUFFOLK COUNTY
County Legislature
RIVERHEAD, NY



This is to Certify That I, TIM LAUBE, Clerk of the County Legislature of the County of Suffolk, have compared the foregoing copy of resolution with the original resolution now on file in this office, and which was duly adopted by the County Legislature of said County on October 13, 2009 and that the same is a true and correct transcript of said resolution and of the whole thereof.

In Witness Whereof, I have hereunto set my hand and the official seal of the County Legislature of the County of Suffolk

A handwritten signature in cursive script that reads "Tim Laube".

Clerk of the Legislature

Intro. Res. 1852 Res. No. 885

October 13, 2009

Motion:

Romaine, Schneiderman, Browning, Beedenbender, Losquadro
 Eddington, Montano, Alden, Lindsay, Viloría-Fisher, Barraga,
 Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

Co-Sponsors:

Romaine, Schneiderman, Browning, Beedenbender, Losquadro
 Eddington, Montano, Alden, Lindsay, Viloría-Fisher, Barraga,
 Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

Second:

Romaine, Schneiderman, Browning, Beedenbender, Losquadro
 Eddington, Montano, Alden, Lindsay, Viloría-Fisher, Barraga,
 Kennedy, Nowick, Horsley, Gregory, Stern, D'Amaro, Cooper

LD	Legislator	Yes	No	Abs	NP	R
1	Edward P. ROMAINE					
2	Jay H. SCHNEIDERMAN					
3	Kate M. BROWNING					
4	Brian BEEDENBENDER					
6	Daniel P. LOSQUADRO					
7	Jack EDDINGTON					
9	Ricardo MONTANO					
10	Cameron ALDEN					
11	Thomas F. BARRAGA					
12	John M. KENNEDY, JR.					
13	Lynne C. NOWICK					
14	Wayne R. HORSLEY					
15	DuWayne GREGORY					
16	Steven H. STERN					
17	Lou D'AMARO					
18	Jon COOPER					
5	Vivian VILORIA-FISHER, D.P.O.					
8	William J. LINDSAY, P.O.					
Totals		18				

MOTION	
<input checked="" type="checkbox"/>	Approve
___	Table: _____
___	Send To Committee
___	Table Subject To Call
___	Lay On The Table
___	Discharge
___	Take Out of Order
___	Reconsider
___	Waive Rule ___
___	Override Veto
___	Close
___	Recess
APPROVED <input checked="" type="checkbox"/>	FAILED ___
No Motion ___	No Second ___

RESOLUTION DECLARED	
<input checked="" type="checkbox"/>	ADOPTED
___	NOT ADOPTED

Tim Laube

Tim Laube, Clerk of the Legislature

Roll Call ___ Voice Vote