



Edward H. McCarthy
Partner
emccarthy@ingermansmith.com

Reply to Hauppauge Office

-Via Electronic Transmission and Fax-

September 27, 2017

Board of the Nassau County Industrial Development Agency
Joseph J. Kearney, Executive Director
Theodore Roosevelt County Executive & Legislative Building
1550 Franklin Avenue, Suite 235
Mineola, New York 11501

Attention: Paul V. O'Brien, Esq.

*Re: BSL Woodbury, LLC Application
900 Woodbury Road, Woodbury, New York*

Dear Members of the Board of the Nassau County Industrial Development Agency and Executive Director Kearney:

Our firm is counsel to the Syosset Central School District.

This letter is submitted on behalf of the Board of Education of the Syosset Central School District (the "School District") regarding the application for financial assistance submitted by applicant, BSL Woodbury, LLC (hereinafter referred to as "BSL Woodbury") in connection with the applicant's proposed construction of an approximately 73,000 square foot assisted living facility located at 900 Woodbury Road, Woodbury, New York and the proposed deviation from the Nassau County Industrial Development Agency's (the "Nassau IDA") Uniform Tax Exemption Policy (the "UTEP").

Although the School District was notified as an affected taxing jurisdiction, be advised that as of the date of this correspondence, the Board of Education of the Syosset Central School District is unable to take any formal position with regard to the above-referenced application for financial assistance. Specifically, the Board of Education has not been afforded ample time to review the application and the concomitant fiscal implications of the proposed deviation on the Syosset Central School District. The Nassau IDA's public hearing on the application was last Wednesday, September 20, 2017, and the District was

*Re: BSL Woodbury, LLC Application
900 Woodbury Road, Woodbury, New York*

given just five (5) business days, two (2) of which the District was closed in holiday observance, to analyze the proposal and articulate its position.

As such, we have not had the opportunity to complete our analysis, brief the Board, or initiate the public input that the Board would seek if it wished to take a formal position.

If the Board of Education was afforded sufficient time to diligently examine the fiscal implications of the application, it would have focused on three (3) areas that are of critical concern relative to the PILOT and the impact it may have to potentially constrain the District's current and future local revenue stream.

1. **Does the PILOT payment diminish the existing tax revenue from the parcel?** Any PILOT converts an existing property tax payment into a grant payment whose terms are specified by the IDA, not driven by the tax rate in effect. As a result, if the "Base PILOT" on a parcel represents a reduction in amount from the current tax revenue produced by a parcel, the result would be a shift in the tax burden from the parcel to other parcels in the District. This would have an adverse impact on other taxpayers.
2. **Does the PILOT payment keep pace with inflation?** School districts are subject to the State property tax cap, for which the base calculation is the rate of inflation up to 2%. Should inflation reach this rate, any PILOT schedule which includes annual increases of less than 2% may result in the parcel not keeping pace with other taxpayers in the District, essentially amounting again to a shift in tax burden to other parcels in the District.
3. **Does the PILOT payment account for a fair share of any new debt the District may incur?** The overwhelming majority of the Syosset Central School District's physical plant is over sixty (60) years old. The District recently began Phase I of an initiative to restore and repair its facilities, and public discussions have begun at the last Board of Education meeting about starting Phase II. The PILOT agreement would cover the next twenty (20) years. Should the District consider any borrowing during that twenty (20) year time period, a PILOT payment calculated solely on the tax base prior to the borrowing would essentially shield this parcel from any share of the responsibility for the costs of debt service for new construction, leaving it to be borne solely by other taxpayers in the District.

We have attempted to secure enough information to adequately evaluate the effects of this PILOT proposal on the existing taxpayers of the District based on the three (3) criteria

Joseph J. Kearney, Executive Director
Board of the Nassau County Industrial Development Agency

September 27, 2017

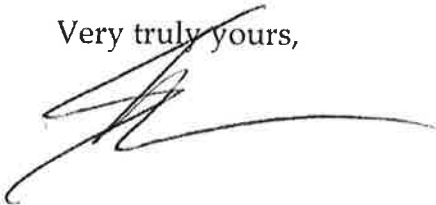
*Re: BSL Woodbury, LLC Application
900 Woodbury Road, Woodbury, New York*

above, but that process is incomplete and therefore at this time we cannot rule out the possibility that one or more of the criteria may have an adverse impact.

The Board of Education has expressed concern that school districts generally are afforded insufficient opportunity to perform due diligence on tax abatements issued through the Industrial Development Agency (IDA) via PILOTS. At the September 18, 2017 Board of Education meeting, the Board took a position in support of a New York State School Boards Association proposal to amend Article 18-A of General Municipal Law to permit school districts to be necessary parties to PILOT applications. Doing so would better enable the District to perform its role to evaluate and inform its residents of the impact any such abatements might have on future revenue streams to the District.

Thank you for your attention to this matter. In the event you wish to discuss any of these issues, please do not hesitate to contact me.

Very truly yours,



Edward H. McCarthy

cc: Board of Education
Dr. Thomas Rogers, Superintendent of Schools