

Redacted

FORM APPLICATION FOR FINANCIAL ASSISTANCE

TOWN OF HEMPSTEAD
INDUSTRIAL DEVELOPMENT AGENCY

PROJECT APPLICATION

DATE: October 19, 2020

APPLICATION OF: Prosperity Avenue Holdings, LLC - Owner
Paul's Auto Collision, Inc. - Tenant

ADDRESS:

CONTACT: Paul Wilson

PHONE NUMBER:

EMAIL ADDRESS:

Type of Application: Tax-Exempt Bond Taxable Bond
 Straight Lease Refunding Bond
 Special Straight Lease

*Town of Hempstead Industrial Development Agency
350 Front Street, Rom 234A
Hempstead, New York 11550
516-489-5000 extension 4200*

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Part I: Owner & User Data

1. Owner Data:

A. Owner (Applicant for assistance): Prosperity Avenue Holdings, LLC

Address: .

Federal Employer ID #:

Owner Officer Certifying Application: Paul Wilson

Title of Officer: Member

Phone Number:

E-mail:

B. Business Type:

Sole Proprietorship

Partnership (LIMITED LIABILITY COMPANY) Privately Held

Public Corporation Listed on _____

State of Incorporation/Formation: New York

C. Nature of Business:

Automobile Repair and Collision Utilizing Specialty Technology (See Project Narrative as Exhibit "A")

D. Owner Counsel:

| | |
|----------------------|------------------------------------|
| Firm Name: | Rivkin Radler LLP |
| Address: | 926 RXR Plaza, Uniondale, NY 11566 |
| Individual Attorney: | David P. Leno, Esq. |
| Phone Number: | |
| E-mail: | |

E. Principal Stockholders, Members or Partners, if any, of the Owner (5% or more equity):

| Name | Percent Owned |
|-------------|---------------|
| Paul Wilson | 100% |

F. Has the Owner, or any subsidiary or affiliate of the Owner, or any stockholder, partner, member, officer, director or other entity with which any of these individuals is or has been associated with:

- i. ever filed for bankruptcy, been adjudicated bankrupt or placed in receivership or otherwise been or presently is the subject of any bankruptcy or similar proceeding? **No**
- ii. been convicted of a felony, or misdemeanor, or criminal offense (other than a motor vehicle violation)? **No**

G. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the Owner, list all other organizations which are related to the Owner by virtue of such persons having more than a 50% interest in such organizations.

NONE

H. Is the Owner related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship: **NOT APPLICABLE**

I. List parent corporation, sister corporations and subsidiaries:

As set forth above, the Applicant is 100% owned by Paul Wilson.

J. Has the Owner (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? **NO**

K. List major bank references of the Owner:

Chase Bank
Citi Bank
TD Ameritrade
Vanguard

2. User Data

*** (for co-applicants for assistance or where a landlord/tenant relationship will exist between the owner and the user) ***

The Project shall be used by Paul's Auto Collision, Inc. ("Tenant") and be located a property owned by Prosperity Avenue Holdings, LLC ("Landlord").

- A. User (together with the Owner, the "Applicant"): Paul's Auto Collision, Inc.
- B. Business Type: Automobile Repair and Collision Utilizing Specialty Technology (See Project Narrative as Exhibit "A")
- C. Nature of Business: Automobile Repair and Collision Utilizing Specialty Technology (See Project Narrative as Exhibit "A")
- D. Are the User and the Owner Related Entities? Yes, same single member/shareholder for both.
- E. User's Counsel: Same as Applicant's Counsel
- F. Principal Stockholders or Partners, if any (5% or more equity): Paul Wilson, 100%
- G. Has the User, or any subsidiary or affiliate of the User, or any stockholder, partner, officer, director or other entity with which any of these individuals is or has been associated with: **NOT APPLICABLE**
- H. If any of the above persons (see "E", above) or a group of them, owns more than 50% interest in the User, list all other organizations which are related to the User by virtue of such persons having more than a 50% interest in such organizations. **NOT APPLICABLE**
- I. Is the User related to any other organization by reason of more than a 50% ownership? If so, indicate name of related organization and relationship: **NOT APPLICABLE**
- J. List parent corporation, sister corporations and subsidiaries: **NOT APPLICABLE**
- K. Has the User (or any related corporation or person) been involved in or benefited by any prior industrial development financing in the municipality in which this project is located, whether by this agency or another issuer? (Municipality herein means city, town or village, or if the project is not in an incorporated city, town or village, the unincorporated areas of the county in which it is located.) If so, explain in full: No
- L. List major bank references of the User: Same as for the Applicant.

Part II – Operation at Current Location

***** (if the Owner and the User are unrelated entities, answer separately for each) *****

Proposed Project shall be a newly renovated building that will be the sole asset owned by Applicant.

1. Current Location Address: **NOT APPLICABLE**
2. Owned or Leased: **NOT APPLICABLE**
3. Describe your present location (acreage, square footage, number buildings, number of floors, etc.): **NOT APPLICABLE**
4. Type of operation (manufacturing, wholesale, distribution, retail, etc.) and products and/or services: **NOT APPLICABLE**
5. Are other facilities or related companies of the Applicant located within the State? **NOT APPLICABLE**
6. If yes to above (“5”), will the completion of the project result in the removal of such facility or facilities from one area of the state to another OR in the abandonment of such facility or facilities located within the State? **NOT APPLICABLE**
7. Has the Applicant actively considered sites in another state? **NOT APPLICABLE**
8. Is the requested financial assistance reasonably necessary to prevent the Applicant from moving out of New York State? **NOT APPLICABLE**
9. Number of full-time equivalent employees at current location and average salary: **NOT APPLICABLE**

Part III – Project Data

1. Project Type:

A. What type of transaction are you seeking? (Check one)

Straight Lease Taxable Bonds Tax-Exempt Bonds

Equipment Lease Only

B. Type of benefit(s) the Applicant is seeking: (Check all that apply)

Sales Tax Exemption Mortgage Recording Tax Exemption

PILOT Agreement:

2. Location of project:

A. Street Address: 585 Commercial Avenue, Garden City, New York 11530

B. Tax Map: Section: 44

Block: D

Lot: 40

C. Municipal Jurisdiction:

i. Town: Hempstead

ii. Village: N/A

iii. School District: Uniondale

D. Acreage: 0.3677 acres

3. Project Components (check all appropriate categories):

A. Construction of a new building Yes No

i. Square footage:

B. Renovations of an existing building Yes No

i. Square footage:

C. Demolition of an existing building Yes No

i. Square footage:

D. Land to be cleared or disturbed Yes No

i. Square footage/acreage: **NOT APPLICABLE**

E. Construction of addition to an existing building Yes No

i. Square footage of addition: **NOT APPLICABLE**

ii. Total square footage upon completion: **NOT APPLICABLE**

F. Acquisition of an existing building Yes No

i. Square footage of existing building: 11,900

G. Installation of machinery and/or Equipment Yes No

i. List principal items or categories of equipment to be acquired:

Mechanical Components, Elevator System, Signage, HVAC, Gas Utility Components; Electric Utility Components, Plumbing System and related equipment; Automotive and related repair equipment and machinery including but not limiter to lifts, rail system and customary automobile and collision repair systems and equipment.

4. Current Use at Proposed Location:

A. Does the Applicant currently hold fee title to the proposed location? No- Owner is party to executory contracts, a condition precedent of which is financial assistance from the Agency.

i. If no, please list the present owner of the site:

B. Present use of the proposed location: The site is an unoccupied empty warehouse, former CrossFit gym facility.

C. Is the proposed location currently subject to an IDA transaction (whether through this Agency or another?) Yes No

i. If yes, explain: **NOT APPLICABLE**

D. Is there a purchase contract for the site? (if yes, explain): Yes No

Applicant has entered into a contract to acquire the site. The terms of such contract are trade secrets and are confidential but may be disclosed to the Agency provided the details of the contract are exempt from any disclosure request made pursuant to (i) Article 6 the New York State Public Officers Law, (ii) disclosure requests made in the context of litigation or (iii) similar requests to the foregoing.

E. Is there an existing or proposed lease for the site? (if yes, explain): Yes No

Proposed Use:

- F. Describe the specific operations of the Applicant or other users to be conducted at the project site:

The Applicant is proposing to develop the site as an auto repair and collision center that focuses on specialized repair methods and practices for modern automobiles, and to provide vocational and related training for the patented methods. (See Project Narrative as Exhibit "A")

The renovation will consist of the remodeling, renovation and re-equipping of the single-story building located at the Project location. The working area of the Project will consist of 11,900 square feet. The shop area will occupy approximately 10,628 square feet of the building. The remaining 1,272 square feet will be utilized for a classroom training facility, back office support and business processing.

- G. Proposed product lines and market demands:

NOT APPLICABLE

- H. If any space is to be leased to third parties, indicate the tenant(s), total square footage of the project to be leased to each tenant, and the proposed use by each tenant:

NOT APPLICABLE

- I. Need/purpose for project (e.g., why is it necessary, effect on Applicant's business):

Due to the quality of the work, outstanding customer relationships, rate of satisfaction and client retention, the owner of the Applicant's other business location has enjoyed tremendous business growth year-after-year and essentially outgrown its current capacity. Spatial limitations are forcing the owner to operate at full capacity and beyond, making it impossible to satisfy the ever growing demand for automobile repair and collision services, directly resulting in loss of revenue while hindering future company growth. The approval of this Project will help satisfy the evident need for professional, qualified and highly skilled auto collision repair work that promotes and employs lean, time-saving, cost-effective and environmentally friendly repair techniques and state-of-the-art technologies. Setting up this dedicated production facility would allow for a process centered work environment, further improving the flow, efficiency and cycle times, giving the Applicant a competitive advantage in the industry.

- J. Will any portion of the project be used for the making of retail sales to customers who personally visit the project location? Yes No

- i. If yes, what percentage of the project location will be utilized in connection with the sale of retail goods and/or services to customers who personally visit the project location? NOT APPLICABLE

5. Project Work:

A. Has construction work on this project begun? If yes, complete the following:

- | | | | | |
|--------------------|------------------------------|--|------------|-------|
| i. Site Clearance: | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | % COMPLETE | _____ |
| ii. Foundation: | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | % COMPLETE | _____ |
| iii. Footings: | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | % COMPLETE | _____ |
| iv. Steel: | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | % COMPLETE | _____ |
| v. Masonry: | Yes <input type="checkbox"/> | No <input checked="" type="checkbox"/> | % COMPLETE | _____ |
| vi. Other: | _____ | | | |

B. What is the current zoning? INDUSTRIAL - Y

C. Will the project meet zoning requirements at the proposed location?

Yes No

D. If a change of zoning is required, please provide the details/status of the change of zone request: **NOT APPLICABLE**

E. Have site plans been submitted to the appropriate planning department? Yes No

6. Project Completion Schedule:

A. What is the proposed commencement date for the acquisition and the construction/renovation/equipping of the project?

i. Acquisition: February 28, 2021

ii. Construction/Renovation/Equipping: June 30, 2021

B. Provide an accurate estimate of the time schedule to complete the project and when the first use of the project is expected to occur: The project will be complete in December 31, 2021 and the first use of the project is expected to occur at the same time.

C. Part IV – Project Costs and Financing

1. Project Costs:

A. Give an accurate estimate of cost necessary for the acquisition, construction, renovation, improvement and/or equipping of the project location:

| <u>Description</u> | <u>Amount</u> |
|--|-----------------|
| Land and/or building acquisition | \$ 2,650,000.00 |
| Building(s) demolition/construction | \$ 150,000.00 |
| Building renovation | \$ 1,500,000.00 |
| Site Work | \$ 200,000.00 |
| Machinery and Equipment | \$ 2,200,000.00 |
| Legal Fees | \$ 100,000.00 |
| Architectural/Engineering Fees | \$ 100,000.00 |
| Financial Charges | \$ 50,000.00 |
| Other: Land Planning, Marketing Contingency | \$ 50,000.00 |
| Total | \$ 7,000,000.00 |

2. Method of Financing:

| | Amount | Term |
|---|-------------------------------|------|
| A. Tax-exempt bond financing: | NOT APPLICABLE | |
| B. Taxable bond financing: | NOT APPLICABLE | |
| C. Conventional Mortgage: | Yes, amount to be determined. | |
| D. SBA (504) or other governmental financing: | Yes, amount to be determined. | |
| E. Public Sources (include sum of all State and federal grants and tax credits): | \$ NOT APPLICABLE | |
| F. Other loans: | \$ NOT APPLICABLE | |
| G. Owner/User equity contribution: | Yes, amount to be determined. | |

Total Project Costs \$ _____

i. What percentage of the project costs will be financed from public sector sources?

0%

3. Project Financing:

A. Have any of the above costs been paid or incurred (including contracts of sale or purchase orders) as of the date of this application? Yes No

i. If yes, provide detail on a separate sheet. **NOT APPLICABLE**

B. Are costs of working capital, moving expenses, work in progress, or stock in trade included in the proposed uses of bond proceeds? Give details: **NOT APPLICABLE**

C. Will any of the funds borrowed through the Agency be used to repay or refinance an existing mortgage or outstanding loan? Give details: **NOT APPLICABLE**

D. Has the Applicant made any arrangements for the marketing or the purchase of the bond or bonds? If so, indicate with whom: **NOT APPLICABLE**

Part V – Project Benefits

1. Mortgage Recording Tax Benefit:

A. Mortgage Amount for exemption (include sum total of construction/permanent/bridge financing):

Estimated to be \$6,250,000.00

B. Estimated Mortgage Recording Tax Exemption (product of Mortgage Amount and 1.05%):

\$65,625.00

2. Sales and Use Tax Benefit:

A. Gross amount of costs for goods and services that are subject to State and local Sales and Use Tax (such amount to benefit from the Agency's exemption):

Estimated to be \$3,000,000.00

B. Estimated State and local Sales and Use Tax exemption (product of 8.625% and figure above):

\$258,750.00

C. If your project has a landlord/tenant (owner/user) arrangement, please provide a breakdown of the number in "B" above: **T.B.D**

3. Real Property Tax Benefit:

A. Identify and describe if the project will utilize a real property tax exemption benefit other than the Agency's PILOT benefit: **NOT APPLICABLE**

B. Agency PILOT Benefit:

- i. Term of PILOT requested: 15 years
- ii. Upon acceptance of this application, the Agency staff will create a PILOT schedule and indicate the estimated amount of PILOT Benefit based on anticipated tax rates and assessed valuation and attached such information to Exhibit A hereto. At such time, the Applicant will certify that it accepts the proposed PILOT schedule and requests such benefit to be granted by the Agency.

*** This application will not be deemed complete and final until Exhibit A hereto has been completed and executed.***

Part VI – Employment Data

1. List the Applicant's and each users present employment, and estimates of (i) employment **at the proposed project location** at the end of year one and year two following project completion and (ii) the number of residents of the Labor Market Area* ("LMA") that would fill the full-time and part-time jobs at the end of the second year following completion:

| | <u>Present</u> | <u>First Year</u> | <u>Second/Third Year</u> | <u>Residents of LMA</u> |
|-------------|----------------|-------------------|--------------------------|-------------------------|
| Full-Time | 0 | 20 | 25/30 | 100% |
| Part-Time** | 0 | 0 | 0 | N/A |

When fully staffed, the proposed employment will consist of approximately 25 Automotive Technicians and 5 Administrative Assistant positions.

* The Labor Market Area includes the County/City/Town/Village in which the project is located as well Nassau and Suffolk Counties.

** Agency staff converts Part-Time jobs into FTEs for state reporting purposes by dividing the number of Part-Time jobs by two (2).

2. Salary and Fringe Benefits:

| Category of Jobs to be Retained and Created | Average Salary or Range of Salary (Inclusive of benefits) | Average Fringe Benefits or Range of Fringe Benefits |
|---|---|---|
| Salary Wage Earners | Average Salary of \$60,000 | N/A |
| Commission Wage Earners | | |
| Hourly Wage Earners | | |
| 1099 and Contract Workers | | |

Note: The Agency reserves the right to visit the facility to confirm that job creation numbers are being met.

In addition, it is anticipated that the Project shall generate over 20 construction and construction-related jobs.

Part VII – Representations, Certifications and Indemnification

1. Is the Applicant in any litigation which would have a material adverse effect on the Applicant's financial condition? (if yes, furnish details on a separate sheet)

2. Has the Applicant or any of the management of the Applicant, the anticipated users or any of their affiliates, or any other concern with which such management has been connected, been cited for a violation of federal, state or local laws or regulations with respect to labor practices, hazardous wastes, environmental pollution or other operating practices? (If yes, furnish details on a separate sheet)

3. Is there a likelihood that the Applicant would not proceed with this project without the Agency's assistance? (If yes, please explain why; if no, please explain why the Agency should grant the benefits requested)

Yes No

The financial assistance for the Town of Hempstead IDA is required to make the project financeable and economically viable. Without the requested financial assistance, the Applicant will not build the Project.

4. If the Applicant is unable to obtain financial assistance from the Agency for the project, what would be the impact on the Applicant and on the municipality?

The Project will not be built. The municipality would lose the additional revenues obtained from the proposed development. The loss of associated revenue will exacerbate the heavy tax burden that Town of Hempstead residents are currently experiencing.

5. The Applicant understands and agrees that the provisions of Section 862(1) of the New York General Municipal Law, as provided below, will not be violated if financial assistance is provided for the proposed project:

§ 862. Restrictions on funds of the agency. (1) No funds of the agency shall be used in respect of any project if the completion thereof would result in the removal of an industrial or manufacturing plant of the project occupant from one area of the state to another area of the state or in the abandonment of one or more plants or facilities of the project occupant located within the state, provided, however, that neither restriction shall apply if the agency shall determine on the basis of the application before it that the project is reasonably necessary to discourage the project occupant from removing such other plant or facility to a location outside the state or is reasonably necessary to preserve the competitive position of the project occupant in its respective industry.

Initial PW

6. The Applicant understands and agrees that in accordance with Section 858-b(2) of the General Municipal Law, except as otherwise provided by collective bargaining agreements, new employment opportunities created as a result of the project will be listed with the New York State Department of Labor, Community Services Division and with the administrative entity of the service delivery area created pursuant to the Job Training Partnership Act (PL 97-300) in which the project is located (collectively, the "Referral Agencies"). The Applicant also agrees that it will, except as otherwise provided by collective bargaining contracts or agreements to which they are parties, first consider for such new employment opportunities persons eligible to participate in federal job training partnership programs who shall be referred by the Referral Agencies

Initial PW

7. The Applicant confirms and acknowledges that the owner, occupant, or operator receiving financial assistance for the proposed project is in substantial compliance with applicable local, state and federal tax, worker protection and environmental laws, rules and regulations.

Initial PW

8. The Applicant confirms and acknowledges that the submission of any knowingly false or knowingly misleading information may lead to the immediate termination of any financial assistance and the reimbursement of an amount equal to all or part of any tax exemption claimed by reason of the Agency's involvement the Project.

Initial PW

9. The Applicant confirms and hereby acknowledges that as of the date of this Application, the Applicant is in substantial compliance with all provisions of Article 18-A of the New York General Municipal Law, including, but not limited to, the provision of Section 859-a and Section 862(1) of the New York General Municipal Law.

Initial PW

10. In accordance with Section 862(1) of the New York General Municipal Law the Applicant understands and agrees that projects which result in the removal of an industrial or manufacturing plant of the project occupant from one area of the State to another area of the State or in the abandonment of one or more plants or facilities of the project occupant within the State is ineligible for financial assistance from the Agency, unless otherwise approved by the Agency as reasonably necessary to preserve the competitive position of the project in its respective industry or to discourage the project occupant from removing such other plant or facility to a location outside the State.

Initial PW

11. The Applicant represents and warrants that to the Applicant's knowledge neither it nor any of its affiliates, nor any of their respective partners, members, shareholders or other equity owners, and none of their respective employees, officers, directors, representatives or agents is, nor will they become a person or entity with who United States persons or entities are restricted from doing business under regulations of the Office of Foreign Asset Control (OFAC) of the Department of the Treasury (including those named on OFAC's Specially Designated and Blocked Persons List or under any statute, executive order including the September 24, 2001, Executive Order Block Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism, or other governmental action and is not and will not assign or otherwise transfer this Agreement to, contract with or otherwise engage in any dealings or transactions or be otherwise associated with such persons or entities.

Initial PW

12. The Applicant confirms and hereby acknowledges it has received the Agency's fee schedule attached hereto as Schedule A and agrees to pay such fees, together with any expenses incurred by the Agency, including those of Transaction Counsel, with respect to the Facility. The Applicant agrees to pay such expenses and further agrees to indemnify the Agency, its members, directors, employees and agents and hold the Agency and such persons harmless against claims for losses, damage or injury or any expenses or damages incurred as a result of action taken by or on behalf of the Agency in good faith with respect to the project.

Initial PW

13. The Applicant confirms and hereby acknowledges it has received the Agency's [Construction Wage] Policy attached hereto as Schedule B and agrees to comply with the same.

Initial PW

14. The Applicant hereby agrees to comply with Section 875 of the General Municipal Law. The Company further agrees that the financial assistance granted to the project by the Agency is subject to recapture pursuant to Section 875 of the Act and the Agency's [Recapture and Termination] Policy, attached hereto as Schedule C.

Initial PW