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January 21, 2020

**VIA ELECTRONIC MAIL**

Mr. Jeffrey D. Crist, Chairman  
Town of Montgomery Industrial Development Agency  
110 Bracken Road  
Montgomery, New York 12549

***Re: Assignment from BLUEWATER I LLC to USEF SAILFISH, LLC***

Dear Chairman Crist and Members of the Agency:

Since the Agency's January 6<sup>th</sup>, 2020 public hearing, Bluewater I LLC and USEF Sailfish, LLC have considered the fiscal concerns expressed by the Town of Montgomery Board and Supervisor, the Valley Central School District Board of Education and Superintendent and members of the public.

The companies intend to be strong partners within the Town of Montgomery. In a continued good faith effort to be receptive to the community's concerns, the companies hereby extend a new offer for a further decrease in the real property tax abatement by another ten percent (10%) each year over the first five years of the contemplated PILOT. This modification would effectively double the PILOT payments from the Project over the first five years, not including the base land tax and the Fire District ad valorem tax to be paid in full.

The annual property tax payment for the project site currently is approximately \$46,000.00. With the proposed modification of the previously approved Financial Assistance, according to our estimates, in year 1, the combined PILOT payment, existing land tax and ad valorem tax would provide approximately \$786,000.00 to the taxing jurisdictions collectively, an annual increase of approximately \$740,000.00 compared to the existing yearly tax payment.

With this modification, according to our estimates, the proposed PILOT would enable the taxing jurisdictions to receive approximately \$2,700,000.00 in PILOT payments over the first 5 years of the PILOT, materially more than the current Town of Montgomery Industrial Development Agency Uniform Tax Exemption Policy calls for, plus approximately \$230,000.00 in base land tax payments and \$990,000.00 in ad valorem tax to the Fire District. Over the first 5 years, these payments total approximately \$3,920,000.00.

Over the 15-year PILOT Agreement, according to our estimates, the taxing jurisdictions would receive approximately \$26,000,000.00 in payments compared to approximately \$690,000.00 in total tax payments over the same 15 years, if the Project does not proceed. How the taxing jurisdictions decide to budget the funds is within their discretion.

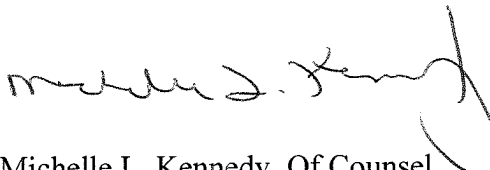
The Financial Assistance presently contemplated by the Agency is less than the limits under the Town of Montgomery Industrial Development Agency's Uniform Tax Exemption Policy Level 3 incentive, for which this project clearly qualifies, and therefore, is more favorable to the taxing jurisdictions. The reduction of another ten percent (10%) in the real property tax abatement doubles the already enhanced, contemplated PILOT payments (excluding the land tax and Fire District ad valorem tax) to the taxing jurisdictions over the first five years of the PILOT.

We respectfully request that the Agency duly convene for a special meeting this week to consider this offer and authorize issuance of notice to the taxing jurisdictions as necessary and practical. We further request that the Agency, at the same meeting this week, schedule a date no later than February 13<sup>th</sup>, 2020, following the close of the public hearing, to deliberate and issue a decision as to the assignment application. Time is of the essence to the companies in determining whether they are able to proceed with the Project, and the Agency's pending decision whether to approve the assignment to USEF Sailfish, LLC is critical to the companies' determination.

Thank you for your service and good work on behalf of the Town of Montgomery.

Very truly yours,

WHITEMAN OSTERMAN & HANNA LLP



Michelle L. Kennedy, Of Counsel

cc: Robert McLaughlin, Esq., Counsel for the Agency  
William Frank, Esq., Counsel for the Town of Montgomery