

**TOWN OF MONTGOMERY  
INDUSTRIAL DEVELOPMENT AGENCY**

**APPLICATION FOR REVENUE BOND FINANCING**

**IMPORTANT NOTICE:** The answers to the questions contained in this application are necessary to determine your firm's eligibility for financing and other assistance from Town of Montgomery Industrial Development Agency. These answers will also be used in the preparation of papers in this transaction. Accordingly, all questions should be answered accurately and completely by an officer or other employee of your firm who is thoroughly familiar with the business and affairs of your firm and who is also thoroughly familiar with the proposed project. This application is subject to acceptance by the Agency.

TO: TOWN OF MONTGOMERY INDUSTRIAL DEVELOPMENT AGENCY  
Town of Montgomery Government Center  
110 Bracken Road  
Montgomery, NY 12549  
Attention: F. Edward Devitt, Chairman

This application by applicant respectfully states:

APPLICANT: Walden Preservation, LP – A to-be-formed affiliate of Related

APPLICANT'S STREET ADDRESS: 60 Columbus Circle, Floor 20

CITY: New York STATE: NY PHONE NO.: 212-801-1076

NAME OF PERSON(S) AUTHORIZED TO SPEAK FOR APPLICANT WITH RESPECT TO THIS APPLICATION: Allison Kunis

IF APPLICANT IS REPRESENTED BY AN ATTORNEY, COMPLETE THE FOLLOWING:

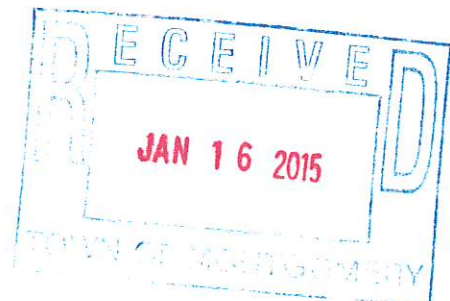
NAME OF FIRM: Levitt & Boccio, LLP

NAME OF ATTORNEY: David Boccio

ATTORNEY'S STREET ADDRESS: 60 Columbus Circle, Floor 20

CITY: New York STATE: NY PHONE NO.: 212-801-3769

NOTE: PLEASE READ THE INSTRUCTIONS ON PAGE 2 BEFORE FILLING OUT THIS APPLICATION.



*original*

## INSTRUCTIONS

1. The Agency will not approve any application unless, in the judgment of the Agency, said application contains sufficient information upon which to base a decision whether to approve or tentatively approve an action.
2. Fill in all blanks, using "none" or "not applicable" or "N/A" where the question is not appropriate to the project which is the subject of this application (the "Project").
3. If an estimate is given as the answer to a question, put "(est)" after the figure or answer which is estimated.
4. If more space is needed to answer any specific question, attach a separate sheet.
5. When completed, return an original executed application and two (2) additional copies of this application to the Agency at the address indicated on the first page of this application, along with any support documentation, i.e. maps of proposed project, renderings of proposed buildings, etc.
6. The Agency will not give final approval to this application until the Agency receives a completed environmental assessment form (Form IDA-2) concerning the Project which is the subject of this application. Please provide an original environmental assessment form and two (2) additional copies of the environmental assessment form.
7. Please note that Article 6 of the Public Officers Law declares that all records in the possession of the Agency (with certain limited exceptions) are open to public inspection and duplication. If the applicant feels that there are elements of the Project which are in the nature of trade secrets or information, the nature of which is such that if disclosed to the public or otherwise widely disseminated would cause substantial injury to the applicant's competitive position, the applicant may identify such elements in writing and request that such elements be kept confidential in accordance with Article 6 of the Public Officers Law.
8. The applicant will be required to pay to the Agency all actual costs incurred by the Agency in connection with this application and the Project contemplated herein. The costs incurred by the Agency, including the Agency's general counsel and bond counsel, may be considered as a part of the project and included as a part of the resultant bond issue.
9. An application filing fee of One Thousand Dollars (\$1,000) is payable upon the submission of this application to the Agency. This application filing fee is non-refundable. For projects seeking refinancing (if the Agency is the issuer of the prior debt being refunded), the application filing fee is reduced to Two Hundred Fifty Dollars (\$250), and is also non-refundable. A check or money order made payable to the Agency must accompany each application. **THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS ACCOMPANIED BY THE APPLICATION FILING FEE.**
10. The Agency has established a project fee for each project in which the Agency participates. **UNLESS THE AGENCY AGREES IN WRITING TO THE CONTRARY, THIS PROJECT FEE IS REQUIRED TO BE PAID BY THE APPLICANT AT OR PRIOR TO THE GRANTING OF ANY FINANCIAL ASSISTANCE BY THE AGENCY.**
11. Following any required public hearing with respect to the Project, the Agency will consider whether to adopt a resolution (an "inducement resolution") offering to issue revenue bonds with respect to the Project and to grant any other Financial Assistance in the form of abatements of state and local taxes with respect to the Project. If any funds are expended prior to the passage by the Agency of an inducement resolution with respect to the Project, such funds might not be eligible for reimbursement from the proceeds of any revenue bonds issued by the Agency with respect to the Project and might not be eligible for abatements of state and local taxes that constitute part of the other Financial Assistance sought as part of this application.
12. If the Agency adopts an inducement resolution with respect to the Project, such inducement resolution will not be effective for a period longer than two (2) years from the date of adoption of such inducement resolution.



FOR AGENCY USE ONLY

1.	Project Number	_____
2.	Date application received by the Agency	_____, 20__
3.	Date application referred to attorney for review	_____, 20__
4.	Date copy of application mailed to members	_____, 20__
5.	Date notice of Agency initial meeting on application posted	_____, 20__
6.	Date notice of Agency initial meeting on application mailed	_____, 20__
7.	Date of Agency initial meeting on application	_____, 20__
8.	Date notice of Agency public hearing on application posted	_____, 20__
9.	Date notice of Agency public hearing on application mailed	_____, 20__
10.	Date notice of Agency public hearing on application published	_____, 20__
11.	Date of Agency public hearing on application	_____, 20__
12.	Date notice of Agency second meeting on application posted	_____, 20__
13.	Date notice of Agency second meeting on application mailed	_____, 20__
14.	Date of Agency second meeting on application	_____, 20__
15.	Date Agency conditionally approved application	_____, 20__
16.	Date Environmental Assessment Form ("EAF") received	_____, 20__
17.	Date Agency completed environmental review	_____, 20__
18.	Date of final approval of application	_____, 20__

**I. INFORMATION CONCERNING THE PROPOSED OCCUPANT OF THE PROJECT (HEREINAFTER, THE "COMPANY").**

**A. Identity of the Company:**

1. Company Name: Walden Preservation, LP – a to-be-formed affiliate of Related  
Present Address: 60 Columbus Circle, Floor 20 New York, NY  
Zip Code: 10023  
Employer's ID No.: TBD
2. If the Company differs from the Applicant, give details of relationship:  
  
N/A
3. Indicate type of business organization of Company:
  - a.  Corporation. If so, indicate type of corporation? \_\_\_\_\_ ;  
Formed in what State? \_\_\_\_\_ ; Date incorporated: \_\_\_\_\_ ;  
Authorized to do business in New York? Yes \_\_\_\_\_ ; No \_\_\_\_\_ .
  - b.  Partnership. If so, indicate type of partnership Limited Partnership \_\_\_\_\_ ;  
Formed in what State? New York \_\_\_\_\_ ; Date formed: TBD \_\_\_\_\_ ;  
Number of general partners 2 \_\_\_\_\_ ; Number of limited partners 2 \_\_\_\_\_ .
  - c.  Limited liability company. If so, indicate type of entity: \_\_\_\_\_ ;  
Formed in what State? \_\_\_\_\_ ; Date formed: \_\_\_\_\_ ;  
Number of general members: \_\_\_\_\_ ; Number of limited members: \_\_\_\_\_ .
  - d.  Sole proprietorship.
  - e.  Other: If so, indicate type of entity: \_\_\_\_\_ .
4. Is the Company a subsidiary or direct or indirect affiliate of any other organization(s)?  
Yes  ; No \_\_\_\_\_ . If yes, indicate name of related organization(s) and relationship: The Company is an affiliate of The Related Companies, Inc, which is also the GP of the current owner ("Seller") of the Project.  
\_\_\_\_\_  
\_\_\_\_\_

**B. Management of the Company:**

1. List all owners, officers, directors, members and/or partners (complete all columns for each person):

Name (first, middle, last) And Home Address	Position Held	Other Principal Business Affiliations
Stephen M. Ross	Owner/President	Employee of The Related Companies
Michael Brenner	Executive VP	Employee of The Related Companies
Mark Carbone	Owner/VP	Employee of The Related Companies
Allison H. Kunis	Owner/VP	Employee of The Related Companies
Susan J. McGuire	Secretary	Employee of The Related Companies
Jessica Rizzo	Owner/Treasurer	Employee of The Related Companies
Ken Wong	Owner	Employee of The Related Companies
Richard O'Toole	Owner	Employee of The Related Companies
Becky Campbell	Owner	Outside Partner

2. Is the Company or management of the Company now a plaintiff or a defendant in any civil or criminal litigation? Yes\_\_\_\_, No X.
3. Has any person listed above, or any concern with whom such person has been connected, ever been convicted of a criminal offense (other than a minor traffic violation)? Yes\_\_\_\_, No X.
4. Has any person listed above, or any concern with whom such person has been connected, ever been in receivership or been adjudicated a bankrupt? Yes X; No\_\_\_\_.
5. If the answer to any of questions 2 through 4 is yes, please, furnish details in a separate attachment. SEE ATTACHED

**C. Principal owners of the Company:**

1. Is the Company publicly held? Yes\_\_\_\_; No X. If yes, please list exchanges where the Company's stock is traded:

2. If no, list all stockholders having a 5% or more interest in the Company:

Name	Address	Percentage Of Holding
Walden Preservation GP, LLC	60 Columbus Circle, Floor 20 New York, NY 10023	0.005%
Walden Preservation GP II, LLC	60 Columbus Circle, Floor 20 New York, NY 10023	0.005%
TBD Limited Partner	TBD	99.98%
TBD Special Limited Partner	TBD	0.01%

**V. FINANCIAL ASSISTANCE REQUESTED FROM THE AGENCY.**

**A. Financing.**

1. Is the applicant requesting that the Agency issue bonds to assist in financing the Project? Yes X; No \_\_\_\_\_. If yes, indicate: \_\_\_\_\_
  - a. Amount of loan requested: \$8,000,000 Dollars; and
  - b. Maturity requested: 17 Years.

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**NOTE: THE POLICY OF THE AGENCY IS TO INDUCE FOR FIVE TO TEN PERCENT ABOVE THE AMOUNT OF THE LOAN REQUESTED. THIS WILL NOT ALTER THE AGENCY'S ADMINISTRATIVE FEE WITH RESPECT TO THE PROJECT, WHICH FEE IS NORMALLY PAID AT CLOSING, BECAUSE SUCH FEE IS BASED ON THE ACTUAL BOND AMOUNT ISSUED AND OTHER FINANCIAL ASSISTANCE ACTUALLY UTILIZED, AS MEASURED BY THE AGENCY.**

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2. If the answer to question 1 is yes, is the interest on such bonds intended to be exempt from federal income taxation? Yes X; No \_\_\_\_\_.
3. If the answer to question 2 is yes, will any portion of the Project be used for any of the following purposes:
  - a. retail food and beverage services? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - b. automobile sales or service? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - c. recreation or entertainment? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - d. golf course? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - e. country club? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - f. massage parlor? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - g. tennis club? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - h. skating facility (including roller skating, skateboard and ice skating)? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - i. racquet sports facility (including handball and racquetball court): Yes \_\_\_\_\_; No X \_\_\_\_\_
  - j. hot tub facility? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - k. suntan facility? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - l. racetrack? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - m. airplane? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - n. skybox or private luxury box? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - o. health club facility? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - p. gambling? Yes \_\_\_\_\_; No X \_\_\_\_\_
  - q. sale of alcoholic beverages for consumption off premises? Yes \_\_\_\_\_; No X \_\_\_\_\_
4. If the answer to any of the above questions contained in question 3 is yes, please furnish details on a separate attachment.

D. Company's principal bank(s): Bank of America

II. DATA REGARDING THE PROPOSED PROJECT (HEREINAFTER, THE "PROJECT").

A. Description of the Proposed Project: (Please provide a brief narrative description of the Project.) SEE ATTACHED PROJECT NARRATIVE

B. Location of the Proposed Project:

1. Street Address: 400 Cliff Street and 55 Main Street
2. City: Walden
3. Town: Montgomery
4. Village: Walden
5. County: Orange
6. School District(s): Valley Central

NOTE: If the Project consists **only** of Equipment, you do **not** need to complete item II.C, item II.D and item II.E below.

C. Description of the Project site (if real estate is part of the Project):

1. Approximate size (in acres and/or square feet) of the Project site: 5.33.  
Is a map, survey or sketch of the Project site attached? Yes X; No \_\_\_\_.
2. Are there existing buildings on the Project site? Yes X; No \_\_\_\_.
  - a. If yes, indicate the number of such existing buildings and the approximate size (in square feet) of each such existing building: 400 Cliff Street and 55 Main Street; The 2 buildings combine for 80,036 SF
  - b. Are the existing buildings in operation? Yes X; No \_\_\_\_\_. If yes, describe present use of the existing buildings: \_\_\_\_\_
  - c. Are the existing buildings abandoned? Yes \_\_\_\_; No X. About to be abandoned? Yes \_\_\_\_; No \_\_\_\_\_. If yes, describe: \_\_\_\_\_



d. Will existing building(s) be renovated? Yes X; No \_\_\_\_\_. If yes, please provide a brief narrative description and sketch, if available: See attached Project Description

\_\_\_\_\_  
\_\_\_\_\_

3. Utility service to the Project site:

Water- If Municipal, indicate name of system: The Village of Walden  
If Other, describe: \_\_\_\_\_

Sewer- If Municipal, indicate name of system: The Village of Walden  
If Other, describe: \_\_\_\_\_

Electric- If Utility, indicate name of system: NYSEG/Noble Americas Energy Solutions  
If Other, describe: \_\_\_\_\_

Heat - If Utility, indicate name of system: NYSEG  
If Other, describe: \_\_\_\_\_

4. Present legal owner of the Project site:

a. If the Company owns the Project site, indicate date of purchase: \_\_\_\_\_, 20\_\_, purchase price: \$ \_\_\_\_\_.

b. If Company does not own the Project site, does Company have an option signed with the owner to purchase the Project site? Yes \_\_\_\_; No X. If yes, indicate date option signed with the owner: \_\_\_\_\_, 20\_\_; and the date the option expires: \_\_\_\_\_, 20\_\_.

c. If the Company does not own the Project site, is there a relationship legally or by common control between the Company and the present owner of the Project site? Yes X; No \_\_\_\_\_. If yes, describe: The Company will enter into a purchase and sale agreement with the Seller to purchase the Project

\_\_\_\_\_

5. To the best of your knowledge, are there any environmental concerns respecting the Project site or any structures thereon? Yes X; No \_\_\_\_\_. If yes, please explain: \_\_\_\_\_

There are believed to be Asbestos Containing Materials on the flooring of certain apartments. If further testing confirms the presence of such materials, they will be remediated pursuant to standard environmental guidelines.

6. a. Zoning District in which the Project site is located: RM-2.
- b. Are there any variances or special permits affecting the Project site? Yes\_\_\_\_; No X. If yes, list on a separate attachment and attach copies of all such variances or special permits.

**D. Description of Proposed New Construction (if real estate is part of the Project):**

1. Does part of the Project consist of the acquisition or construction of a new building or buildings? Yes\_\_\_\_; No X. If yes, indicate number and size of new buildings along with a rendering or a sketch: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
2. Does part of the Project consist of additions and/or renovations to existing buildings located on the Project site? Yes X; No\_\_\_\_. If yes, indicate the buildings to be expanded or renovated, the size of any expansions and the nature of expansion and/or renovation: Both 400 Cliff Street and 55 Main Street will undergo renovations, as outlined in the Project Description and preliminary draft scope of work (attached).
3. Describe the principal uses to be made by the Company of the building or buildings to be acquired, constructed or expanded: Both buildings are currently occupied by low income tenants under a project-based Section 8 contract, and will continue to be occupied by low-income tenants after the acquisition and rehabilitation has been completed. All affordability will be extended for an additional 16 years beyond the current Section 8 contract expiration date of December 20, 2029.

**E. Method of Construction after Agency Approval (if real estate is part of the Project):**

1. If the Agency approves the Project, there are two methods that may be used to undertake the Project. The applicant can undertake the Project privately and sell the Project to the Agency upon completion. Alternatively, the applicant can request to be appointed as "agent" of the Agency, in which case certain laws applicable to public construction may apply to the Project. Does the applicant wish to be designated as "agent" of the Agency for purposes of undertaking the Project? Yes\_\_\_\_; No X.
2. If the answer to question 1 is yes, does the applicant desire such "agent" status prior to the closing date of the financing? Yes\_\_\_\_; No\_\_\_\_.

**F. Description of the Equipment:**

1. Does a part of the Project consist of the acquisition or installation of machinery, equipment or other personal property (the "Equipment")? Yes X; No\_\_\_\_. If yes, describe the Equipment: A new generator will be installed.

2. With respect to the Equipment to be acquired, will any of the Equipment be Equipment which has previously been used? Yes \_\_\_\_; No X. If yes, please provide detail: \_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
3. Describe the principal uses to be made by the Company of the Equipment to be acquired or installed: N/A

**G. Project Use:**

1. What are the principal products to be produced at the Project? Both buildings are currently occupied by low income tenants under a project-based Section 8 contract, and will continue to be occupied by low-income tenants after the acquisition and rehabilitation has been completed. All affordability will be extended for an additional 16 years beyond the current Section 8 contract expiration date of December 20, 2029.
2. What are the principal activities to be conducted at the Project? N/A
3. Does the Project include facilities or property that are primarily used in making retail sales of goods or services to customers who personally visit such facilities? Yes X; No \_\_\_\_\_. If yes, please provide detail: The Project is an 89-unit affordable housing complex that also includes three commercial spaces at the Main Street location: a dentist office, retail store, and training center for Related Management Company.
4. If the answer to question 3 is yes, what percentage of the cost of the Project will be expended on such facilities or property primarily used in making sales of goods or services to customers who personally visit the Project? Commercial space accounts for approximately 3.20% of the acquisition price. No rehabilitation funds will be used for work to the commercial spaces.
5. If the answer to question 3 is yes, and the answer to question 4 is more than 33.33%, indicate whether any of the following apply to the Project:
  - a. Will the Project be operated by a not-for-profit corporation? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please explain: N/A
  - b. Is the Project likely to attract a significant number of visitors from outside the economic development region in which the Project will be located? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please explain: N/A
  - c. Would the Project occupant, but for the contemplated financial assistance from the Agency, locate the related jobs outside the State of New York? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please explain: N/A

- d. Is the predominant purpose of the Project to make available goods or services which would not, but for the Project, be reasonable accessible to the residents of the city, town or village within which the Project will be located, because of a lack of reasonably accessible retail trade facilities offering such goods or services? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please provide detail: N/A
- e. Will the Project be located in one of the following: (i) the City of New York; (ii) an area designed as an economic development zone pursuant to Article 18-B of the General Municipal Law; or (iii) a census tract or block numbering area (or census tract or block numbering area contiguous thereto) which, according to the most recent census data, has (x) a poverty rate of at least 20% for the year in which the data relates, or at least 20% of households receiving public assistance, and (y) an unemployment rate of at least 1.25 times the statewide unemployment rate for the year to which the data relates? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please explain: N/A
6. If the answers to any of subdivisions c. through e. of question 5 is yes, will the Project preserve permanent, private sector jobs or increase the overall number of permanent, private sector jobs in the State of New York? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please explain:  
N/A
7. Will the completion of the Project result in the removal of a plant or facility of the Company or another proposed occupant of the Project (a "Project Occupant") from one area of the State of New York to another area of the State of New York? Yes \_\_\_\_; No X \_\_\_\_\_. If yes, please explain: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
8. Will the completion of the Project result in the abandonment of one or more plants or facilities of the Company or another Project Occupant located in the State of New York? Yes \_\_\_\_; No X \_\_\_\_\_. If yes, please provide detail: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
9. If the answer to either question 7 or question 8 is yes, indicate whether any of the following apply to the Project:
- a. Is the Project reasonably necessary to preserve the competitive position of the Company or such Project Occupant in its industry? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please provide detail: N/A
- b. Is the Project reasonably necessary to discourage the Company or such Project Occupant from removing such other plant or facility to a location outside the State of New York? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please provide detail: N/A

**H. Project Status:**

1. If the Project includes the acquisition of any land or buildings, have any steps been taken toward acquiring same? Yes X; No   . If yes, please discuss in detail the approximate stage of such acquisition: The Company's attorney is preparing a purchase and sale agreement between the Company and the Seller.
  
2. If the Project includes the acquisition of any Equipment, have any steps been taken toward acquiring same? Yes   ; No X. If yes, please discuss in detail the approximate stage of such acquisition: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
3. If the Project involves the construction or reconstruction of any building or other improvement, has construction work on any such building or improvement begun? Yes   ; No X. If yes, please discuss in detail the approximate extent of construction and the extent of completion. Indicate in your answer whether such specific steps have been completed as site clearance and preparation; completion of foundations; installation of footings; etc.: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_
  
4. Please indicate amount of funds expended on the Project by the Company in the past three (3) years and the purposes of such expenditures: The Seller has invested nearly \$1,500,000 of CapEx into the project in the last three years on the following items: refrigerators, range hoods, kitchen cabinets, kitchen countertops, bathroom vanities, bathroom countertops, bathroom exhaust fans, water savers, HVAC systems, insulation, common area floor coverings, exterior walls, windows, sliding glass doors, interior lighting, exit signs, stairs/patios/balconies, heating, parking lot repairs, DHW replacement, closet doors, water softener, pointing, stoves, air condition units and a roof replacement. The proposed renovations described in the Project Description will supplement the work that was completed in recent years.

**III. INFORMATION CONCERNING ANTICIPATED TRANSFERS OF INTERESTS IN THE PROJECT. (PLEASE COMPLETE THE FOLLOWING SECTION IF THE COMPANY INTENDS TO LEASE, SUBLEASE OR OTHERWISE TRANSFER ANY PORTION OF THE PROJECT).**

A. **Intent to Lease or Sublease .** Does the Company intend to lease or sublease any portion of the Project? Yes X; No \_\_\_\_\_. If yes, please complete the following for each existing or proposed tenant or subtenant:

1. Sublessee name: N/A – The Project is an apartment complex whose units will be leased to residents

Present Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Employer's ID No.: \_\_\_\_\_

Sublessee is: \_\_\_ Corporation; \_\_\_ Partnership; \_\_\_ Sole Proprietorship; \_\_\_ Other;

(If Other, please describe: \_\_\_\_\_ )

Relationship to Company: \_\_\_\_\_

Percentage of the Project to be leased or subleased: \_\_\_\_\_

Use of Project intended by Sublessee: \_\_\_\_\_

Date of lease or sublease to Sublessee: \_\_\_\_\_

Term of lease or sublease to Sublessee: \_\_\_\_\_

Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes\_\_\_\_; No\_\_\_\_. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(G)(4) through (6) with respect to such sublessee.

2. Sublessee name: \_\_\_\_\_

Present Address: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

Employer's ID No.: \_\_\_\_\_

Sublessee is: \_\_\_ Corporation; \_\_\_ Partnership; \_\_\_ Sole Proprietorship; \_\_\_ Other;

(If Other, please describe: \_\_\_\_\_ )

Relationship to Company: \_\_\_\_\_

Percentage of the Project to be leased or subleased: \_\_\_\_\_

Use of Project intended by Sublessee: \_\_\_\_\_

Date of lease or sublease to Sublessee: \_\_\_\_\_

Term of lease or sublease to Sublessee: \_\_\_\_\_

Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes\_\_\_\_;

No \_\_\_\_\_. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(G)(4) through (6) with respect to such sublessee.

3. Sublessee name: \_\_\_\_\_  
Present Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Employer's ID No.: \_\_\_\_\_  
Sublessee is: \_\_\_ Corporation; \_\_\_ Partnership; \_\_\_ Sole Proprietorship; \_\_\_ Other;  
(If Other, please describe: \_\_\_\_\_ )  
Relationship to Company: \_\_\_\_\_  
Percentage of the Project to be leased or subleased: \_\_\_\_\_  
Use of Project intended by Sublessee: \_\_\_\_\_  
Date of lease or sublease to Sublessee: \_\_\_\_\_  
Term of lease or sublease to Sublessee: \_\_\_\_\_  
Will any portion of the space leased by this sublessee be primarily used in making retail sales of goods or services to customers who personally visit the Project? Yes\_\_\_\_; No \_\_\_\_\_. If yes, please provide on a separate attachment (a) details and (b) the answers to questions II(G)(4) through (6) with respect to such sublessee.

**B. Portion Under Existing Leases.** What percentage of the space intended to be leased or subleased is now subject to a binding written lease or sublease? 100 %

**C. Intent to Otherwise Transfer .** Does the Company intend to otherwise transfer any portion of the Project? Yes\_\_\_\_; No X. If yes, please complete the following for each proposed transferee:

1. Transferee name: \_\_\_\_\_  
Present Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Employer's ID No.: \_\_\_\_\_  
Transferee is: \_\_\_ Corporation; \_\_\_ Partnership; \_\_\_ Sole Proprietorship; \_\_\_ Other;  
(If Other, please describe: \_\_\_\_\_ )  
Relationship to Company: \_\_\_\_\_  
Percentage of the Project to be otherwise transferred: \_\_\_\_\_  
Use of Project intended by Transferee: \_\_\_\_\_  
Date of anticipated transfer to Transferee: \_\_\_\_\_

**IV. ESTIMATED PROJECT BENEFITS.**

**A. Number of Positions.** Indicate below the number of “full time equivalent” employees presently employed at the Project site and the number that will be employed at the Project site at end of the first and second years after the Project has been completed (Do not include construction workers). For purposes hereof, “full time equivalent” means 1820 hours per year. (For example, if one employee works 1,000 hours in a year and another employee works 820 hours in that same year, there would be one “full time equivalent” position for that year.)

<b>Type Of Employment</b>				
	<b>Professional Or Managerial</b>	<b>Unskilled Or Skilled</b>	<b>Semi-Skilled</b>	<b>Totals</b>
<b>Present Full Time</b>	1	1	0	2
<b>Present Part Time</b>	0	8	0	8
<b>Present Seasonal</b>	0	0	0	0
<b>First Year Full Time</b>	1	1	0	2
<b>First Year Part Time</b>	0	8	0	8
<b>First Year Seasonal</b>	0	0	0	0
<b>Second Year Full Time</b>	1	1	0	2
<b>Second Year Part Time</b>	0	8	0	8
<b>Second Year Seasonal</b>	0	0	0	0

**B. Estimated Wage Impact.** Please answer the questions below to assist the Agency in estimating the impact of the wages paid and to be paid at the Project site on the local economy:

1. What is your estimated current yearly payroll at the Project site (do not include construction workers)? \$150,000.
2. What do you estimate that you presently pay to New York State in payroll taxes with respect to jobs at the Project site (based upon taxes before the Project was undertaken) (do not include construction workers)? \$10,000.
3. What is the present estimated average wage/salary plus fringe benefit total for each full-time equivalent position at the Project site (based upon such amounts paid before the Project was undertaken) (do not include construction workers)? \$45,000.
4. What do you estimated that your yearly payroll will be at the Project site one year after completion of the Project (do not include construction workers)? \$160,000.



5. What do you estimate that you will pay to New York State in payroll taxes with respect to jobs at the Project site one year after completion of the Project (do not include construction workers)? \$10,500.
6. What do you estimate the estimated average wage/salary plus fringe benefit total for each full-time equivalent position at the Project site will be one year after completion of the Project (do not include construction workers)? \$48,000.
7. If applicable, what are the estimated yearly aggregate average wage/salary plus fringe benefit total to be lost as a result of the Project? N/A.
8. Estimated number of construction jobs to be created with respect to the Project: 50 jobs.
9. Estimated New York State payroll taxes on construction jobs to be created with respect to the Project: \$ 55,000.

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**NOTE: ALL JOB OPENINGS ARE REQUIRED TO BE FILED WITH THE NEW YORK STATE DEPARTMENT OF LABOR**

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**C. Project Monetary Benefits.** Please answer the questions below to assist the Agency in estimating the other positive monetary impacts that the Project may have on the local economy:

1. Please attach the most recent tax bill(s) for each parcel of property which is expected to be a part of the Project site. Have you attached such bills? Yes X; No     . If no, please explain: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

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**NOTE: THE POLICY OF THE AGENCY IS TO DECLINE TO ABATE EXISTING REAL PROPERTY TAXES WITH RESPECT TO THE PROJECT SITE. ANY REQUEST TO ABATE SUCH EXISTING REAL PROPERTY TAXES WOULD REQUIRE A DEVIATION FROM THE AGENCY'S EXISTING UNIFORM TAX EXEMPTION POLICY.**

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2. What is the estimated full cost of any real property improvements proposed to be undertaken as part of the Project? \$2,150,000.
3. What is the present estimated annual amount of goods and services purchased relating to the operation of the Project (excluding employee wages)? \$N/A.
4. Approximately how much sales tax do you presently pay to the State of New York (including both the state share and the local share)? N/A.

5. What is the estimated annual amount of goods and services expected purchased relating to the operation of the Project (excluding employee wages) following completion of the Project? \$N/A.
6. Approximately how much sales tax do you expect to pay to the State of New York (including both the state share and the local share) following completion of the Project? \$N/A.
7. As a result of the Project, will there be any other public benefit to the State of New York, Town of Montgomery and/or any local government in New York State? Yes X; No \_\_\_\_.
- If yes, please explain: The Project will create improved affordable housing options for the Town of Montgomery, preservation and further extension of housing affordability, and job creation
8. If the answer to question IV.C.7. is yes, will any of the public benefit be a monetary benefit? Yes X; No \_\_\_\_\_. If yes, what is the estimated monetary benefit to the State of New York, Town of Montgomery and/or any local government in New York State? \$ TBD.

**B. Tax Abatements.**

1. Is the applicant requesting any real property tax exemption in connection with the Project that would not be available to a project that did not involve the Agency? Yes X; No \_\_\_\_\_. If yes, is the real property tax exemption being sought consistent with the Agency's Uniform Tax Exemption Policy? Yes \_\_\_\_; No X
  
2. Is the applicant expecting that the financing of the Project will be secured by one or more mortgages? Yes X; No \_\_\_\_\_. If yes, what is the approximate amount of financing to be secured by mortgages? \$8,000,000.
  
3. Is the applicant expecting to be appointed agent of the Agency for purposes of avoiding payment of NYS Sales Tax or Compensating Use Tax? Yes \_\_\_\_; No X\_\_\_\_. If yes, what is the approximate amount of purchases which the applicant expects to be exempt from the NYS Sales and Compensating Use Taxes? \$\_\_\_\_\_. (Please note that manufacturing equipment used for the production of a product is generally exempt from sales and use taxes.)
  
4. What is the estimated value of each type of tax-exemption being sought in connection with the Project? Please detail the type of tax-exemption and value of each exemption.
  - a. NYS Sales and Compensating Use Taxes: \$70,000.
  - b. Mortgage Recording Taxes: \$60,900.
  - c. Real Property Tax Exemptions: See no. 5 below.
  - d. Other (please specify): \_\_\_\_\_ \$ \_\_\_\_\_  
\_\_\_\_\_ \$ \_\_\_\_\_
  
5. Are any of the tax-exemptions being sought in connection with the Project inconsistent with the Agency's Uniform Tax-exemption Policy? Yes \_\_\_\_; No \_\_\_\_\_. If yes, please explain how the request of the applicant differs from the Agency's Uniform Tax-Exemption Policy: The Applicant is proposing a tax abatement equal to ten percent (10%) of the Project's net income, which we estimate to be approximately \$115,000 in 2015. As a comparison, the Project's 2014 tax bill totaled \$139,122. The proposed abatement would represent a slight reduction to year one taxes, but under this structure, the taxing jurisdictions will receive more in taxes each year as the net income of the Project rises due to automatic rent increases through the Section 8 contract. The Project's sponsor has entered into similar PILOT structures on dozens of projects all over the country. A PILOT is essential to the financing of the Project, as the lender and equity investor will require predictability for future taxes. We believe that the proposed abatement is both fair to the community and integral to successfully executing the deal.

**VI. ESTIMATED PROJECT COSTS.**

**A. Anticipated Project Costs.** State the costs reasonably necessary for the acquisition of the Project site, the construction of the proposed buildings and the acquisition and installation of any machinery and equipment necessary or convenient in connection therewith, and including any utilities, access roads or appurtenant facilities, using the following categories:

Description of Cost	Amount
Land	\$ <u>SEE ATTACHED DEVELOPMENT BUDGET</u>
Buildings	\$ _____
Machinery and equipment costs	\$ _____
Utilities, roads and appurtenant costs	\$ _____
Architects and engineering fees	\$ _____
Costs of Bond issue (legal, financial and printing)	\$ _____
Construction loan fees and interest (if applicable)	\$ _____
Other (specify)	
_____	\$ _____
_____	\$ _____
_____	\$ _____
<b>TOTAL PROJECT COSTS</b>	<b>\$ _____</b>

**B. Project Costs Expended to Date.** Have any of the above expenditures already been made by the applicant? Yes \_\_\_; No X. If yes, indicate particulars: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**C. Other Loans.** In addition to the bonds described in item V.A.1 above, is there any other funding (loans or grants) anticipated to be sought by the applicant for the Project (either from private lenders or from governmental agencies)? Yes \_\_\_; No X. If yes, complete the following:

1. Identity of Private Lender(s): \_\_\_\_\_
  2. Identity of Government Agency: \_\_\_\_\_
  3. Role of governmental agency (i.e., guarantee program, loan program, etc.): \_\_\_\_\_
- \_\_\_\_\_

4. Description of Other Funding: Please complete the table below to assist the Agency in understanding such other funding:

Lender/Agency	Amount	Type of Funding	Lien Position	Term	Other
TBD Tax Credit Investor	\$2,600,000	Equity	N/A	N/A	N/A

**C. Other Project Participants.** Please indicate below the professionals that will assist the applicant and its lenders with respect to the Project (if applicable):

1. Construction loan bank (and banking officer): N/A
  2. Permanent loan bank (and banking officer): Wells Fargo (Matt Weiner)
  3. Letter of credit: N/A – Bonds will be purchased directly by Wells Fargo
  4. Bank counsel: Jones Day
  5. Investment banker: N/A
  6. Investment banker counsel: N/A
  7. Trustee: N/A
  8. Trustee counsel: N/A
  9. Project architect: Yogesh Mistry
  10. Project engineer: Gerard Associates
  11. Project accountant: Friedman LLP
  12. Other project consultants (indicate role relating to the Project): TCAC, LLC – Construction Manager
- 
13. Other project counsel (indicate client and role relating to the Project): Levitt & Boccio, LLP – Company’s Counsel
-

**VII. REPRESENTATIONS BY THE APPLICANT.** The applicant understands and agrees with the Agency as follows:

- A. Job Listings.** In accordance with Section 858-b(2) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, 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 (the "DOL") and with the administrative entity (collectively with the DOL, the "JTPA Entities") of the service delivery area created by the federal job training partnership act (Public Law 97-300) ("JTPA") in which the Project is located.
  
- B. Annual Sales Tax Filings.** In accordance with Section 874(8) of the New York General Municipal Law, the applicant understands and agrees that, if the Project receives any sales tax exemptions as part of the Financial Assistance from the Agency, in accordance with Section 874(8) of the General Municipal Law, the applicant agrees to file, or cause to be filed, with the New York State Department of Taxation and Finance, the annual form prescribed by the Department of Taxation and Finance, describing the value of all sales tax exemptions claimed by the applicant and all consultants or subcontractors retained by the applicant. The applicant agrees to furnish a copy of each such annual report to the Agency.
  
- C. Annual Employment Reports.** The applicant understands and agrees that, if the Project receives any Financial Assistance from the Agency, the applicant agrees to file, or cause to be filed, with the Agency, on an annual basis, reports regarding the number of people employed at the project site.
  
- D. Absence of Conflicts of Interest.** The applicant has received from the Agency a list of the members, officers and employees of the Agency. No member, officer or employee of the Agency has an interest, whether direct or indirect, in any transaction contemplated by this Application, except as hereinafter described: \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

The Related Companies, Inc.  
(Applicant)

BY: Allesia Humes

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**NOTE: THE APPLICANT MUST COMPLETE THE APPROPRIATE VERIFICATION APPEARING ON PAGES 24 THROUGH 26 HEREOF BEFORE A NOTARY PUBLIC AND MUST SIGN AND**

ACKNOWLEDGE BEFORE A NOTARY PUBLIC THE HOLD HARMLESS AGREEMENT  
APPEARING ON PAGE 27.

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VERIFICATION

(If Applicant is a Corporation)

STATE OF New York )  
 )SS.:  
COUNTY OF New York )

ALLISON H. KUNIS <sup>she</sup> deposes and says that ~~he~~ is the  
(Name of officer of applicant)  
Senior Vice President of The Related Companies, Inc.  
(Office Held) (Corporation Name)

(the "Company"), the corporation named in the attached application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. Deponent further says that the reason this verification is made by the deponent and not by said Company is because the said Company is a corporation. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as an officer of and from the books and papers of said corporation.

Allison H. Kunis  
(officer of applicant)

Sworn to before me this 15<sup>th</sup>  
day of January, 2015.

[Signature]  
Notary Public

ADAM W. BRAUNSCHWEIGER  
Notary Public, State of New York  
No. 02BR6091563  
Qualified in New York County  
Commission Expires ~~March 28, 200~~ 10/24/2015

NOTE: THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS THE HOLD HARMLESS AGREEMENT APPEARING ON PAGE 27 IS SIGNED BY THE APPLICANT AND ACKNOWLEDGED BY THE APPLICANT BEFORE A NOTARY PUBLIC.



VERIFICATION

(If applicant is partnership or limited liability company)

STATE OF \_\_\_\_\_ )  
 )SS.:  
COUNTY OF \_\_\_\_\_ )

\_\_\_\_\_ deposes and says that he is one of the members of  
(Name of Individual)  
the firm of \_\_\_\_\_ the partnership named in the attached  
(Entity Name)  
application; that he has read the foregoing application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application as well as information acquired by deponent in the course of his duties as a member of said entity and from the books and papers of said entity.

\_\_\_\_\_  
(member of applicant)

Sworn to before me this \_\_\_\_\_  
day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

NOTE: THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS THE HOLD HARMLESS AGREEMENT APPEARING ON PAGE 27 IS SIGNED BY THE APPLICANT AND ACKNOWLEDGED BY THE APPLICANT BEFORE A NOTARY PUBLIC.

VERIFICATION

(If applicant is sole proprietor)

STATE OF )  
 )SS.:  
COUNTY OF )

\_\_\_\_\_ deposes and says that he has read the foregoing  
(Name of Individual)  
application and knows the contents thereof; and that the same is true and complete and accurate to the best of his knowledge. The grounds of deponent's belief relative to all matters in the said application which are not stated upon his own personal knowledge are investigations which deponent has caused to be made concerning the subject matter of this application.

Sworn to before me this \_\_\_\_  
day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Notary Public

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NOTE: THIS APPLICATION WILL NOT BE ACCEPTED BY THE AGENCY UNLESS THE HOLD  
HARMLESS AGREEMENT APPEARING ON PAGE 27 IS SIGNED BY THE APPLICANT AND  
ACKNOWLEDGED BY THE APPLICANT BEFORE A NOTARY PUBLIC.  
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HOLD HARMLESS AGREEMENT

Applicant hereby releases Town of Montgomery Industrial Development Agency and the members, officers, servants, agents and employees thereof (hereinafter collectively referred to as the "Agency") from, agrees that the Agency shall not be liable for and agrees to indemnify, defend and hold the Agency harmless from and against any and all liability arising from or expense incurred by (A) the Agency's examination and processing of, and action pursuant to or upon, the attached application (the "Application"), regardless of whether or not the Application or the Project described therein or the issue of bonds requested therein are favorably acted upon by the Agency, (B) the Agency's acquisition, construction, reconstruction, installation and/or financing of the Project described therein and (C) any further action taken by the Agency with respect to the Project; including without limiting the generality of the foregoing, all causes of action and attorneys' fees and any other expenses incurred in defending any suits or actions which may arise as a result of any of the foregoing. If, for any reason, the Applicant fails to conclude or consummate necessary negotiations, or fails, within a reasonable or specified period of time, to take reasonable, proper or requested action, or withdraws, abandons, cancels or neglects the Application, or if the Agency or the Applicant are unable to find buyers willing to purchase the total bond issue requested or otherwise fail to reach final agreement with respect to the Project, then, and in such event, upon presentation of an invoice itemizing the same, the Applicant shall pay to the Agency, its agents or assigns, all actual costs incurred by the Agency in the processing of the Application, including attorneys' fees, if any.

The Related Companies, Inc.  
(Applicant)

By: William H. Huns

Sworn to before me this 15<sup>th</sup>  
day of January, 2015.

[Signature]  
Notary Public

ADAM W. BRAUNSCHWEIGER  
Notary Public, State of New York  
No. 02BR6091563  
Qualified in New York County  
Commission Expires March 29, 200  
10/21/2015

GP II, LLC]. The general partners' sponsor is Related. The tax credit equity investor will be a limited partner and special limited partner of the Proposed Owner. The Project will continue to be managed by Related Management, which manages over 350 apartment complexes and 50,000 units of housing and 1.1 million square feet of commercial space.

#### Question 4.

Stephen M. Ross is the 51% owner of The Related Companies, L.P. ("Related"). See below with regard to Related and its affiliates:

#### Defaults and Foreclosures

##### 1. Snowmass

(a) In connection with the development of a mixed-use project in Snowmass, Colorado, an affiliate of The Related Companies, L.P. ("TRCLP"), Base Village Owner LLC ("BVO"), entered into a construction loan with Hypo Real Estate Capital Corporation ("Hypo") and Dekabank Deutsche Girozentrale ("DDG"). In the third quarter of 2008, TRCLP's equity partners in BVO ceased funding their share of project costs. TRCLP carried the entire cost of the project until March, 2009, at which time TRCLP turned to Hypo and DDG to restructure the existing loan. The loan balance at December 31, 2009 was approximately \$367,745,000. TRCLP had a limited payment guaranty of \$32,500,000. Hypo and DDG completed a non-judicial foreclosure procedure on November 16, 2011 and a receiver was appointed. The lenders commenced litigation claiming that TRCLP and Pat Smith owed \$200,000,000 under a payment guaranty and \$100,000,000 under a completion guaranty. In an additional action, the lender sought possession of \$32,550,000 in municipal bonds held by Related WestPac LLC. On March 26, 2012, Snowmass Acquisition Company LLC ("SAC"), a wholly-owned subsidiary of The Related Companies, L.P., entered into a settlement and acquisition agreement with Snowmass BV Holdco LLC, the current owner of Base Village (and owned by the bank group). SAC acquired Base Village and all litigation was settled on September 28, 2012.

(b) BVO entered into non-recourse mezzanine debt secured by a second mortgage with ARCap and American Mortgage Acceptance Company aggregating \$75,905,000. Although the debt did not mature, a default occurred when BVO stopped making interest payments to Hypo and DDG. These lenders pursued a UCC foreclosure. This loan was not recourse to TRCLP.

(c) Alpine Bank made three loans on the Snowmass project which defaulted as a result of TRCLP's equity partners' failure to fund their share of interest payments. The first was a loan with a balance of \$2,298,000 in connection with the construction of the Roundabout Office Building at the project, which loan was foreclosed in February, 2011. The second was a loan in the amount of \$2,857,000 to Offices at Snowmass, LLC, which loan was foreclosed in February, 2011. The third was a loan in the amount of \$2,612,000 to Sonnenblick, LLC, which loan was foreclosed in March, 2011. These loans were not recourse to TRCLP.

(d) Plains Capital Bank made a loan, with a balance of \$13,023,000, in connection with the River Bend Colorado section of the project. Plains Capital foreclosed its loan on December 23, 2009. This loan was not recourse to TRCLP.

(e) Another affiliate of TRCLP, Snowmass Holding Company LLC, entered into a loan with GMAC Commercial Mortgage Bank. The loan balance at December 31, 2009 was approximately \$21,748,000. The loan matured on June 1, 2010 and the parties entered into a forbearance agreement and restructured the loan. On January 20, 2010, the maturity date was

extended to June 1, 2012. This loan was refinanced with Cantor Commercial Real Estate on September 17, 2012. This loan is not recourse to TRCLP.

(f) Related WestPac was recourse on a \$15,200,000 letter of credit issued by US Bank to secure Series A Bonds issued by the Snowmass Base Village Metropolitan District (the "District"). The District was controlled by the Base Village Receiver, who obtained an extension of the letter of credit from US Bank until November 2014. As part of the extension, the Bonds were paid down to \$10,825,000 and made non-recourse to Related WestPac. Related now controls the District and is considering various options for refinancing the Bonds. This obligation is not recourse to TRCLP.

## 2. **CityPlace Retail**

On February 22, 2011, CityPlace Retail, LLC initiated the process of placing its \$150,000,000 loan with the special servicer, LNR Partners, LLC. Although the lenders commenced foreclosure proceedings in September 2011, the borrower restructured the loan and stopped the foreclosure action in December 2011 by obligating itself to pay an additional \$12,000,000 to service the loan. This loan is not recourse to TRCLP.

## 3. **World Market Center - Phase 3**

In connection with their development of Phase 3 of World Market Center in Las Vegas, Nevada, affiliates of TRCLP, WMCV Phase 3, LLC; WMC II Associates, LLC; and WMC III Associates, LLC (collectively, the "Borrower"), entered into a construction loan with Hypo Real Estate Capital Corporation on December 21, 2006 in the amount of \$488,000,000. The building was completed on time and under budget with an outstanding principal loan balance of \$456,565,465.82. The loan matured on December 21, 2009. TRCLP had a limited payment guarantee in the amount of \$21,686,000. Phases 1 and 2 of the project were also in payment default and with a special servicer. On May 3, 2011, all of the debt was sold to new investors who created a new entity, International Market Centers, L.P., which also acquired third party assets. TRCLP invested in the new entity and received a limited partnership interest. TRCLP was not required to make any payments under its guaranty.

## 4. **CityNorth**

In connection with the development of a mixed-use project in Phoenix, Arizona, Phoenix High Holdings LLC, a joint venture in which TRCLP indirectly held an interest, entered into a construction loan and a mezzanine loan. The construction loan was with Capmark Finance Inc. ("Capmark") with a balance of \$212,808,000. A mezzanine loan was held by Centerline Capital Group and had a balance of \$42,331,000. Capmark, which filed for bankruptcy, filed for foreclosure and acquired the property on July 1, 2010. The project is 100% complete. The loans were not recourse to TRCLP.

## 5. **LR Development**

(a) Arcade L.L.C., a 50/50 joint venture between an affiliate of TRCLP, LR Arcade L.L.C., and Global Hyatt Corporation ("Arcade") defaulted under a Construction Loan Agreement dated

February 29, 2000 entered into between the prior developer of the property and LaSalle Bank National Association ("LaSalle"). TRCLP acquired numerous assets of the prior developer, including the interest in Arcade, when it formed LR Development Company LLC ("LR") as its Midwest office. Bank of America ("B of A") subsequently acquired LaSalle and with it, the Arcade construction loan. The original principal balance of the loan was \$33,300,000 and the property was performing poorly when TRCLP acquired the interest. Arcade paid the recourse obligations under the loan in the amount of \$19,050,000, leaving an outstanding non-recourse balance of \$14,250,000. The loan matured on October 31, 2007. B of A has asked TRCLP to assist with the marketing and sale of the subject property. TRCLP has made its best effort to locate a buyer and found one bidder, but a sale did not take place, in part because Global Hyatt Corporation was unwilling to modify its management agreement for the hotel, which agreement survives any sale or foreclosure. B of A commenced foreclosure proceedings and the foreclosure sale took place on September 12, 2011. The property was sold to a third party in February, 2012. This loan was not recourse to TRCLP.

(b) LR's affiliate, Shannon Partners, entered into a loan with Cole Taylor Bank in the amount of \$55,000,000 (the "Cole Taylor Loan"). The balance of the loan at December 31, 2009 was \$27,781,000. The loan matured on March 31, 2010. The Cole Taylor Loan was restructured whereby (i) the loan was paid down by \$5,000,000, (ii) the borrower executed a \$10,000,000 note with a three year maturity date and (iii) TRCLP provided an interest-only guaranty. The loan restructuring closed at the end of August, 2010. The loan matured on July 31, 2012. A foreclosure sale was completed on March 8, 2013.

(c) LR entered into a loan with New Century Bank in the amount of \$2,000,000. The loan had a balance of \$1,097,000 at December 31, 2009 and matured on February 1, 2010. The parties extended the maturity date to February 1, 2012. This loan has now been paid in full.

## **6. Waltham**

In connection with the development of a retail project in Waltham, Massachusetts, PB and Landesbank Hessen-Thuringen Girozentrale ("Helaba") each made loans in the principal amount of \$35,000,000 to an affiliate of TRCLP, WCD Property LLC, which loans in the aggregate amount of \$70,000,000 matured on June 23, 2009. In addition, affiliates of JER Real Estate Partners made mezzanine loans in the aggregate amount of \$50,000,000, which loans matured when the PB and Helaba loans matured. In December of 2008, TRCLP's partner in WCD Property LLC, Polaroid Corporation, filed for bankruptcy and defaulted on substantial financial obligations to the venture. WCD Property LLC filed a claim against Polaroid Corporation in the bankruptcy court. Separately, in late 2008 and early 2009, TRCLP made various proposals to JER to restructure their participation in the venture in order to extend the PB and Helaba loans and continue the development. JER declined TRCLP's proposals and in June of 2009 assumed control of the venture. PB and Helaba foreclosed on the property on October 9, 2009 with TRCLP paying its full \$10,000,000 guaranty amount.

## **7. Lehman Line of Credit**

Defaults under the \$75,000,000 revolving line of credit that TRCLP's affiliate, RCC Credit Facility II, Inc., had with Lehman, were waived when the line was restructured as a non-

revolving, two-year, \$41,674,369 loan on June 15, 2010. The loan was repaid in full on August 9, 2011.

#### 8. **Borders Bankruptcy**

When Borders, Inc. filed for Chapter 11 bankruptcy reorganization on February 16, 2011, two loans were declared in default by Wilmington Trust Company, as Trustee for Wells Fargo Bank Northwest, N.A., as successor to First Security Bank, N.A. Both loans were part of securitized pools of Borders stores and were made to single purpose entities, Related Grosse Pointe, L.L.C. and Related Birmingham, L.L.C. These entities own the real estate for stand-alone Borders stores with triple net leases. The Grosse Pointe lease was rejected by Borders in February, 2011 and the Birmingham lease was rejected in September, 2011. The lender foreclosed on both sites. Related redeemed the Birmingham property out of foreclosure in March, 2012. The Birmingham property was sold to a third party in April, 2012. These loans were not recourse to TRCLP.

#### 9. **Crowley-Willits Retail**

On April 4, 2013, Crowley-Willits Retail, L.L.C. received a notice of default from CWCapital Asset Management LLC as a result of the borrower's failure to make monthly payments. The outstanding principal amount of the loan is \$33,125,706 and TRCLP's guaranty amount is \$5,223,000. TRCLP negotiated with the Bank of Ann Arbor to refinance the loan and subsequently sold the property in the Spring of 2014.

### **Default and Bankruptcy (Withdrawn)**

#### **Lehman Bankruptcy**

In connection with their ownership and development of a master planned community, on September 6, 2008, Tuxedo Reserve Owner LLC and Tuxedo TPA Owner LLC (collectively, "Tuxedo"), both affiliates of Related entered into loan agreements pursuant to which Lehman Commercial Paper, Inc. is the administrative agent and Lehman Brothers Holding, Inc. (collectively, "Lehman") is the sole lender. The loans were secured by, among other things, a pledge by another Related affiliate, Tuxedo Reserve Investment Partners, L.P., of its interests in the Tuxedo entities. Approximately \$58 million under the loan agreement were advanced and approximately \$69 million under the loan agreements were not advanced. In 2008, Lehman filed for bankruptcy in the U.S. Bankruptcy Court for the Southern District of New York. Since that filing, Lehman stopped funding under the loan agreements. Tuxedo asserted that Lehman has breached its obligations by failing to fund the unadvanced amounts; Lehman asserted that Tuxedo was obligated to pay the \$58 million which had been advanced. In November 2008, Tuxedo initially sought relief in the Bankruptcy Court, including an order authorizing Tuxedo to recoup the funding it has contributed to the project which should have been paid from advances of proceeds of the loans, for an order authorizing an additional lender to fulfill Lehman's obligations and for the subordination of Lehman's interest in the loans to amounts funded by an additional lender. The parties engaged in settlement negotiations, as a result of which no hearing on Tuxedo's application was heard by the Bankruptcy Court and the application was withdrawn. The loan was restructured in May 2010 and extended for two years on a non-recourse basis to either Tuxedo or Related. Related paid Lehman \$17,500,000 in principal to extend the loan and



remove Related from any future recourse on the loan. Tuxedo is proceeding with the pre-development process and received a one-year loan extension until May, 2013. Tuxedo acquired the loans in February 2014.